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# THE DEPARTMENT OF STATE BULLETIN

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# BULLETIN



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*Periodical Reading Room.*

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10-9-46

522 **Accomplishments of Fifth Session  
of Council of UNRRA**

528 *Article by DAVID PERSINGER<sup>1</sup>*

523 **T**HE FIFTH SESSION of the Council of UNRRA  
534 met at Geneva, Switzerland, from August 5  
535 to 16, 1946. Of the 48 member nations, 39 were  
536 represented at the session. Also present were ob-  
537 servers from Albania, Austria, Finland, Hun-  
538 gary, and Italy. Special visitors attended from  
539 Argentina, Portugal, Sweden, Switzerland, and  
540 the Vatican.

538 The principal subjects discussed during the two  
539 weeks of the session were: (1) the need for free  
540 relief after the termination of UNRRA's supply  
541 programs early in 1947 and the possible methods  
542 of meeting this need; (2) the problems involving  
543 UNRRA supplies, including a new program for  
544 Korea; (3) displaced persons; (4) the gradual  
545 transfer of UNRRA's functions to other organiza-  
546 tions; and (5) fixing the date and place for the  
547 next session of the Council.

548 Director General La Guardia opened the ses-  
549 sion on August 5. The only business conducted at  
550 the first plenary meeting was the election of certain  
551 *ad hoc* committees, including the Committee on  
552 Nominations, which reported to the Council at its  
553 second plenary meeting. At the latter meeting,  
554 the Council elected the following officers of the  
555 Session: chairman, Anders Frihagen of Nor-  
556 way; first vice chairman, J. Bristock Brigden of  
557 Australia; second vice chairman, Vojislav Srzen-  
558 tic of Yugoslavia; third vice chairman, Vasilii  
559 Labello of the Byelorussian Soviet Socialist Re-  
560 public. Dr. Ludwik Rajchman of Poland was  
561 elected chairman of the Committee on Policy, and  
562 Sir Atul Chatterjee of India, chairman of the  
563 Committee on Procedure, both being committees  
564 of the whole. Unlike the situation at the Fourth  
565 Session held at Atlantic City in March 1946, where  
566 each officer of the Session had the opportunity to  
567 preside at one time or another, the chairman of  
568 the Fifth Session presided throughout. The de-  
569 bates during the first week were devoted largely

570 to the problem of relief in 1947, but informal dis-  
571 cussions of the other items on the agenda occupied  
572 the time of most of the delegates. During the  
573 second week the pressure to complete the work of  
574 the Session became so strong that formal meetings  
575 were held regularly from morning until nearly  
576 midnight.

577 **Relief Financing in 1947—Resolution No. 100**

578 As pointed out, the most controversial issue be-  
579 fore the Council was whether any or all of the  
580 UNRRA receiving countries of Europe would con-  
581 tinue to need free relief after the close of the  
582 UNRRA programs early in 1947. Each of the  
583 receiving countries was represented at the Council  
584 and each spoke with some emotion of the urgent  
585 need to continue UNRRA for at least another  
586 year, or, if UNRRA could not be continued, of the  
587 need for a comparable international organization  
588 to carry on its relief work through 1947. The  
589 U.S. representative was the most vocal in opposi-  
590 tion to the proposal of the receiving countries.  
591 Assistant Secretary Clayton, U. S. member of the  
592 Council, and later C. Tyler Wood, Special Assis-  
593 tant to Mr. Clayton and First Alternate on the  
594 Council, spoke frequently and at length on this  
595 subject and explained that the United States took  
596 the position (1) that the problem was basically one  
597 of financing rather than one of supply; (2) that  
598 the extent of any need for free relief financing at  
599 the conclusion of UNRRA had not been and could  
600 not at that time be shown; and (3) that in no  
601 event would UNRRA's procurement and shipping  
602 functions be required next year.

603 The U.S. position with regard to those first two  
604 points was and is that it was not known what ex-  
605 change resources each of the UNRRA receiving

606 <sup>1</sup>Mr. Persinger is Secretary to the U. S. Delegation of  
607 UNRRA in the Office of the Assistant Secretary for eco-  
608 nomic affairs, Department of State.

countries would have in 1947 and, moreover, that more reliable findings could be expected from a group of technical experts than from a political forum such as the Council. It was thought that the exchange resources, including those to become available through sale of exports, when finally known would have to be correlated with the then latest information on the essential import requirements of each country in order to discover whether a particular country could finance its import needs. In short, the problem was one involving the status of the whole balance of payments of each receiving country. The United States further insisted that there could be no question of the need for further free financing of rehabilitation supplies, that the only possible issue centered around the need for free relief supplies such as foodstuffs. The U.S. representative then pointed out that each receiving country had access to the International Bank and, in the United States, to the Export-Import Bank for loans to finance the importation of heavy equipment and raw materials and that such loans should free for the purchase of foods such foreign exchange as might be available to the receiving country; that it was extremely unlikely that any substantial number of receiving countries would be unable to finance their food imports through this means. It was made clear to the

<sup>1</sup>The text of the resolution follows:

**RESOLUTION 98**

*A Resolution Relating to a Program of Relief and Rehabilitation Supplies for Korea*

**WHEREAS**

Resolution 76 adopted at the Third Session of the Council of UNRRA provides for extension of aid to Korea upon the same terms and conditions as to other liberated areas; and

**WHEREAS**

Up to the present time no supply program for Korea has been proposed by the Administration; it is therefore

**RESOLVED**

1. That, without curtailing the programs already approved for receiving countries, a program of relief and rehabilitation supplies for Korea shall be worked out without delay and submitted by the Director General to the Central Committee for approval.

2. That, upon the approval by the Central Committee of the program of relief and rehabilitation supplies for Korea and the conditions of its execution, the Administration shall immediately proceed to carry out this program.

Council that the United States was not proposing to turn its back on any starving peoples, that such a course would be distasteful to the people of America, but that the then current harvests indicate that there was no immediate prospect of under-nourishment, far less of starvation. If later and more complete information clearly proved a different picture of conditions, "the history of the United States indicated it would fulfil its international" and humanitarian "obligations".

With regard to the third point, the U.S. position was that UNRRA had been established as a procurement and shipping agency because, in effect, there were no governments of the liberated areas existing; that, now that each liberated area had a functioning government, it was in the best interest of both the people of that area and their government that they undertake their own procurement and shipping in a normal peacetime fashion; that without exception they were once more able to do this and therefore those functions theretofore performed by UNRRA should be turned over to the receiving governments.

The debates on the above problem continued for more than a week, but in conclusion the Council adopted resolution 100, which, in its eight "whereas" clauses, reaffirmed the international objective of general economic well-being, noted the progress already made toward economic recovery by the liberated areas, noted the establishment of various international organizations to promote the foregoing objective, but recognized that certain difficulties with regard to foreign exchange might nonetheless be experienced by the liberated areas in 1947. The resolution then recommended that the General Assembly of the United Nations designate or establish an agency or agencies to review the 1947 needs for foreign exchange and to recommend how necessary financial assistance might be given.

In accordance with resolution 100 the various interested offices of the Department of State are now discussing the proper instructions to guide the U.S. representative in implementing that resolution at the next meeting of the General Assembly.

### Problems Involving Supplies

The Council agreed in resolution 98<sup>1</sup> that UNRRA should prepare a supply program for Korea to be approved by the Central Committee

but that this program should not curtail any existing programs. It was made clear in the debates that, in considering a proposed program for Korea, the Central Committee might take into consideration the status of the plans for the economic unification of the country. The Council also adopted resolution 104, which instructed the Director General to invite all governments and voluntary agencies having surplus medical stores to turn them over to UNRRA in order that it might complete its medical program.

The other specific problem under this general heading concerned the termination of UNRRA programs of operations. The Council, in resolution 101, recognized that to a considerable extent UNRRA's programs have been delayed by shortages of supplies, work stoppages, transportation difficulties, and other incidents beyond the control of UNRRA; the Council also recognized that inevitably the shipment of some supplies would slip over beyond the termination dates set forth in resolution 80, which had directed that shipments to Europe should conclude at the end of 1946 and to the Far East at the end of March 1947. The Council therefore resolved that all efforts should be made to complete shipments within the foregoing limits but authorized shipments to be continued thereafter provided they are completed as promptly as possible. Some of the receiving countries asked that the resolution embody an assurance that despite delays all programs as then approved would be fulfilled. The U.S. representative opposed this amendment, and it was not adopted.

Under the rules and regulations of UNRRA, the Central Committee, composed of the United States, the United Kingdom, the Soviet Union, China, France, Canada, Brazil, Australia, and Yugoslavia, has authority to approve supply programs and to make changes in them. Therefore, it is too early to estimate the extent to which shipments of supplies subsequent to the target dates will be allowed.

### Displaced Persons

The issues before the Council involving displaced persons were somewhat complex. First there was the problem of the termination of UNRRA's functions in this field; second, the problem of the readiness of other agencies to take over UNRRA's functions; third, the problem of

relating UNRRA's further activities in this field to the plans of the successor agency or agencies; and, fourth, the continued financing of UNRRA's activities and the disposition of any funds remaining at the termination of UNRRA.

It has been contemplated for some time that an organization to be known as the International Refugee Organization (IRO) would be established as a permanent agency to care for displaced persons. A constitution of the IRO was drafted on July 5 and has been submitted to the Economic and Social Council for approval. If the Council approves, it will then go to the General Assembly, and if it is approved there, it will be submitted to the various governments for signature. It is recognized, however, that the IRO cannot possibly be prepared to assume UNRRA's functions by the first of January 1947. In addition, the Intergovernmental Committee on Refugees (IGC), which was functioning before the war, has already entered into negotiations with various governments looking toward the resettlement abroad of those displaced persons who for one reason or another will not be repatriated. The IGC, however, is a relatively small organization and would be utterly unable to assume UNRRA's function of assisting in caring for the displaced persons of Europe. The current plan is that the IGC will be merged into the IRO, which is intended to handle all displaced-persons problems as soon as it is able to function actively.

The Council therefore decided, in resolution 99, that it was essential that UNRRA continue to assist in the care of displaced persons until at least June 30, 1947, unless the IRO is ready to assume UNRRA's functions prior to that date. The Council also recognized that UNRRA would be unable to assume responsibility in Germany for furnishing the basic supplies, housing, and transportation necessary to its work there and recommended that the occupying authorities continue to furnish those supplies and services; the Council recognized further that the UNRRA supply program for Austria may terminate before its responsibility for the displaced persons is transferred to the IRO and therefore recommended that the occupying authorities be prepared to assume the same responsibilities in Austria which they are carrying at present in Germany.

In order that no gap may occur between the deadline for UNRRA's operations and the assump-

tion of those operations by the IRO, the Council in resolution 99 urged that all nations concerned with the establishment of the IRO act promptly so that it will be in a position to discharge its proper functions as early in 1947 as possible.

In order that the transition from UNRRA to the IRO shall be smooth, the Council authorized the Administration to broaden its definition of eligible displaced persons so that it may coincide with the definition set out in the constitution of the IRO and further authorized the Administration to assist in the resettlement of displaced persons, a function which UNRRA has not been authorized to perform heretofore. However, the Council recognized that the problem of resettlement is one of considerable difficulty and that it will inevitably take a number of years to solve, that the most satisfactory solution of the problem before most displaced persons is repatriation to their homes, and that repatriation is also much cheaper than resettlement and much simpler administratively. It is generally accepted that a number of the displaced persons in Europe will continue to refuse repatriation because of present or former political views and activities or, in the case of persecutees, the revulsion which they would feel at returning to countries which they can regard only as vast graveyards of their friends and relatives. It is equally accepted that for the large majority of displaced persons it is most desirable that they take up their old ways of life among friends and relatives who speak their own language and among the scenes which they have known from childhood. The considered judgment of all who have worked closely with this problem is that a large number of displaced persons who have so far refused repatriation would be better off and in no danger of persecution if they returned to their homes, but many are continuing to resist returning either through sheer inertia or because of the example of the more articulate groups who know that they cannot themselves return. The foregoing must not be regarded as an expression by the Council of approval of the use of force or compulsion in any degree to compel repatriation. The Council has recorded its full support of the right of displaced persons to choose or refuse repatriation as they will. The Council does, however, sanction suggestion and persuasion which might lead displaced persons to adopt that course

of action which the Council believes is in their best interest.

Apart from the humanitarian aspects, it is estimated that the cost of repatriating one displaced person is about \$50, whereas the IGC in its current plans is estimating the cost of resettlement as in excess of \$2,500 a person. Moreover repatriation is quick, a matter of days; resettlement on the other hand requires not only weeks of travel but also months of settling down on new land in an unknown country and probably years for assimilation into the local community.

Recognizing the foregoing the Council in resolution 99 reaffirmed its adherence to the principles laid down by the General Assembly in its resolution of February 12, that each displaced person shall be free to decide whether he will return to his country of origin or not and shall receive full knowledge of all relevant facts in order to reach his decision; it urged the Administration, the occupying authorities in Germany, the control authorities in Austria, and the countries of origin to make every effort consistent with those principles to speed repatriation of displaced persons during the remainder of the time of UNRRA's operations in this field. So far as this suggestion is carried out the burden of resettlement will be lightened and the drain on all contributing nations of caring for displaced persons will be reduced.

The Council further authorized the Administration at the time its functions are transferred to IRO to transfer also its records, property, personnel, and such funds scheduled for displaced persons activities as may remain unused; it authorized the Administration to set aside funds necessary for the continuation of its displaced persons operations through the first six months of 1947 at a rate not to exceed the current rate of expenditure.

#### Transfers of UNRRA Functions

We have already discussed the transfer of UNRRA's displaced-persons functions. In addition the Council authorized the transfer of each of the following functions:

(a) *Health.* In resolution 94 the Director General is authorized to consult with the Interim Commission, pending the establishment of the World Health Organization, as to when and to

what extent UNRRA should transfer its records, property, personnel, and available funds for the smooth continuation of its work in this field.

(b) *Welfare.* In resolution 95 the Council authorized the Director General to transfer the Administration's functions, records, property, and personnel devoted to welfare activities, but no funds, to the appropriate authorities of the United Nations.

(c) *Proceeds of Local Sales.* As a part of its work UNRRA has entered into agreements with the receiving countries whereby the proceeds of sales of supplies made available by UNRRA are to be used by the receiving government in part to defray UNRRA's operating expenses in the receiving country and in part to carry on parallel relief activities. Because use of the proceeds of the sale of UNRRA supplies will continue beyond the end of the UNRRA programs, the Council authorized the Administration, in resolution 97, to consult with the United Nations and with the receiving governments concerning the advisability and acceptability of transferring UNRRA's responsibilities with regard to the use of those proceeds to the United Nations or some specialized agency to be designated by the United Nations.

(d) *Agricultural Production.* One of UNRRA's lesser known functions but a function of considerable importance has been the furnishing of expert technical assistance in agricultural rehabilitation. In order that such assistance may not end with the conclusion of the UNRRA programs, the Council in resolution 102 recommended that the Food and Agriculture Organization of the United Nations assume that function.

(e) *The Rehabilitation of Children and Adolescents.* The Council decided in resolution 103 that the Central Committee should determine at the conclusion of UNRRA's operations what assets are available and that such assets might well be transferred to an International Children's Fund to be open for contributions from any and all sources and to be used for the rehabilitation of children and adolescents in the liberated areas. The Council established a standing committee to consult with and recommend to the Council or the Central Committee the steps necessary to organize those activities, the assistance which UNRRA might give, and the probable response of other contributors. The standing committee

is to consist of the members of the Central Committee and of Greece, Norway, Poland, Denmark, and the Ukrainian S. S. R.

(f) *UNRRA Personnel.* In resolution 106 the Council urged all United Nations organizations to take full advantage of the experience gained by the personnel of UNRRA and authorized the transfer of personnel from time to time to such other United Nations organizations as desire their services.

### Summary

From the foregoing accounts of the various problems which were considered at the Fifth Session of the Council it is apparent that some were settled so that nothing remains to be done by the Council at a further session other than receive the reports of the Director General on the extent to which the Council's instructions have been carried out. However, it is equally apparent that the most controversial issue of all, the need for free relief in 1947, has not yet been finally dealt with. Resolution 100 refers to the General Assembly the problem of fact-finding. The Assembly may appoint a group of experts to ascertain the financial resources of each country, in which case the facts will not be known before the first of next year at best. Once the facts are known, if any country is shown to be in need of free relief in 1947 the United States must determine its position relating thereto.

It should be pointed out that such a delay does not endanger the lives of any of the liberated peoples by denying essential shipments of foodstuffs. The harvests in their countries have been sufficient to supply their essential needs for many months to come and perhaps, as many believe, for the entire period preceding the next harvest. If they are not normally self-sufficient, their available exchange will be adequate to finance through the winter months the imports which they may need to supplement their harvests. It appears certain that no receiving country will suffer hardship if free imports of foods in addition to the supplies still scheduled by UNRRA are not forthcoming between now and next spring; by that time the facts should be established and a final solution on the problems confronting the Fifth Council Session or a number of final solutions should have been reached.

# The United Nations

## Summary Statement by the Secretary-General<sup>1</sup>

### MATTERS OF WHICH THE SECURITY COUNCIL IS SEIZED AND OF THE STAGE REACHED IN THEIR CONSIDERATION

Pursuant to Rule 11 of the Provisional Rules of Procedure of the Security Council, I submit the following Summary Statement of matters of which the Security Council is seized and of the stage reached in their consideration on 6 September 1946.

#### *1. The Iranian Question*

By letter dated 6 May 1946 addressed to the president of the Council (S/53), the Iranian Ambassador, pursuant to the Council's Resolution of 4 April, reported on the withdrawal of Soviet troops.

At the fortieth meeting the Council adopted by ten votes (the Representative of the U.S.S.R. being absent) the following Resolution proposed by the Representative of the United States:

"RESOLVED: That in view of the statement made by the Iranian Government in its preliminary report of 6 May, submitted in compliance with the resolution of 4 April 1946, that it was not able as of 6 May to state whether the withdrawal of all Soviet troops from the whole of Iran had been completed, the Council defer further proceedings of the Iranian matter in order that the Government of Iran may have time in which to ascertain through its official representatives whether all Soviet troops have been withdrawn from the whole of Iran; that the Iranian Government be requested to submit a complete report on the subject to the Security Council immediately upon the receipt of the information which will enable

it to do so; and that in case it is unable to obtain such information by 20 May, it report on that date such information as is available to it at that time; and that immediately following the receipt from the Iranian Government of the Report requested, the Council shall consider whether any further proceedings are required." (Page 635, Security Council *Journal* No. 33).

By letters dated 20 May and 21 May 1946, addressed to the President of the Council (S/66 and S/68), the Iranian Ambassador, in compliance with the Council's Resolutions of 4 April and 8 May 1946, submitted reports of additional information with respect to the matters brought to the Council's attention by the Iranian Government.

At the forty-third meeting the Council adopted the following Resolution submitted by the Netherlands Representative:

"The discussion of the Iranian consideration is adjourned until a date in the near future, the Council to be called together at the request of any of its members." (Page 711, Security Council *Journal* No. 36.)

#### *2. The Spanish Situation*

The Sub-Committee held nineteen meetings and completed its report on 31 May.

At the forty-fourth meeting the Chairman of the Sub-Committee submitted to the Council the Sub-Committee's Report (document S/75) and a supplementary memorandum containing its factual findings concerning the Spanish Situation (document S/76). He moved that the Council adopt the recommendations of the Sub-Committee, as set out in paragraph 31 of the above report.

<sup>1</sup> Security Council Document S/154, Sept. 6, 1946.

This summary supplements the one printed in the BULLETIN of May 19, 1946, p. 849; the omitted parts correspond substantially to the material formerly printed.

At the forty-fifth meeting the Representative of Australia stated that the members of the Sub-Committees had agreed that a modification to their recommendations should be included in the formal resolution to be placed before the Council. He then moved the following resolution:

"WHEREAS the Sub-Committee on Spain made the three following recommendations in Paragraph 31 (a), (b) and (c) of its report to the Security Council:

(a) The endorsement by the Security Council of the principles contained in the declaration by the Governments of the United Kingdom, the United States and France, dated 4 March 1946.

(b) The transmitting by the Security Council to the General Assembly of the evidence and reports of this Sub-Committee, together with the recommendation that unless the Franco regime is withdrawn and the other conditions of political freedom set out in the declaration are, in the opinion of the General Assembly, fully satisfied, a resolution be passed by the General Assembly recommending that diplomatic relations with the Franco regime be terminated forthwith by each Member of the United Nations.

(c) The taking of appropriate steps by the Secretary-General to communicate these recommendations to all Members of the United Nations and all others concerned.

"IT IS HEREBY RESOLVED THAT the Security Council adopt the three recommendations of the Sub-Committee set out above, subject to the addition to recommendation (b) after the words 'each Member of the United Nations' of the following words 'or alternatively such other action be taken as the General Assembly deems appropriate and effective under the circumstances prevailing at the time.'"

At the forty-sixth meeting the Representative of the United Kingdom submitted an amendment to the above resolution, substituting for the last paragraph:

"It is hereby resolved that the Security Council adopt the three recommendations of the Sub-Committee set out above, subject to the deletion of paragraph (b) after the words 'reports of this Sub-Committee' and the addition of the words 'together with the minutes of the discussion of the case by the Security Council.'"

At the forty-seventh meeting two representatives voted in favour of the amendment submitted

by the Representative of the United Kingdom and six against; three representatives abstained and the amendment was declared lost. The recommendations of the Sub-Committee were voted as follows: Paragraph (a)—affirmative 10; negative 1; Paragraph (b) and (c) and the whole recommendation—affirmative 9; negative 1; with one representative abstaining. The recommendations were declared lost since the opposing vote was that of the Representative of the U.S.S.R. a permanent member.

The Representative of Poland then submitted a Resolution calling upon all Members of the United Nations who maintain diplomatic relations with the Franco government to sever such relations immediately. At the forty-eighth meeting this Resolution was lost, four Representatives voting for it and seven against it. The Representative of Poland then proposed a draft resolution providing that the Security Council keep the Spanish question on the list of matters of which it is seized and that it take up the matter again not later than 1 September 1946. Since agreement was not reached on this Resolution, the President appointed the Representatives of Australia, Poland and the United Kingdom as a drafting committee to try to prepare a text acceptable to the Council.

At the forty-ninth meeting the drafting committee submitted the following amended Resolution which had been agreed upon by the Representatives of Australia and the United Kingdom but which was not supported by the Representative of Poland:

"WHEREAS the Security Council on 29 April 1946, appointed a Sub-Committee to investigate the situation in Spain

"AND WHEREAS the investigation of the Sub-Committee has fully confirmed the facts which led to the condemnation of the Franco regime by the Potsdam and San Francisco Conferences, the General Assembly at the first part of its first session and by the Security Council by resolution of the date above-mentioned

"AND WHEREAS the Sub-Committee was of opinion that the situation in Spain is one the continuance of which is likely to endanger the maintenance of international peace and security

"IT IS HEREBY RESOLVED that without prejudice to the rights of the General Assembly under the Char-

ter, the Security Council keep the situation in Spain under continuous observation and maintain it upon the list of matters of which it is seized in order that it will be at all times ready to take such measures as may become necessary to maintain international peace and security. Any member of the Security Council may bring the matter up for consideration by the Council at any time."

Seven Representatives voted for the above Resolution and two against it. The President ruled that the Resolution had been carried, but the Representative of the U.S.S.R. pointed out that the Resolution was a substantive question and had not received the concurring vote of the U.S.S.R., a permanent member, as required under Article 27 (3). The Ruling of the President that the Resolution was a question of procedure was put to a vote and eight Representatives voted in favour of the ruling, two against it with one Representative abstaining. The President drew the conclusion that since the five permanent members did not concur that the Resolution was a matter of procedure, the Representatives of France and the U.S.S.R. having voted against this ruling, the Resolution was not adopted. The Representative of the U.S.S.R. introduced several amendments to the above Resolution submitted by the drafting committee, in the form of an amended text which was voted upon by paragraphs.

The paragraph, "The Security Council will take up the matter again not later than 1 September 1946, in order to determine what appropriate practical measures provided by the Charter should be taken," was rejected, with three Representatives voting for this amendment, seven against it, and one abstaining.

The following paragraphs were accepted without objection:

"WHEREAS the Security Council on 29 April 1946, appointed a Sub-Committee to investigate the situation in Spain

"AND WHEREAS the investigation of the Sub-Committee has fully confirmed the facts which led to the condemnation of the Franco regime by the Potsdam and San Francisco Conferences, the General Assembly at the first part of its first session and by the Security Council by resolution of the date above mentioned.

"THE SECURITY COUNCIL DECIDES to keep the

situation in Spain under continuous observation and keep the question on the list of matters of which it is seized, in order to be able to take such measures as may be necessary in the interest of peace and security. Any member of the Security Council has a right to bring the matter up before the Security Council at any time."

The Representative of Australia then introduced a Resolution providing that the carrying of the above Resolution "does not in any way prejudice the rights of the General Assembly under the Charter." Eight Representatives voted for this Resolution and two against. It was not carried because of the dissenting vote of the Representative of the U.S.S.R., a permanent member, who considered that resolution also as a matter of substance and not a procedural one. So the Council continues to be seized of the Spanish question.

#### 4. Rules of Procedure of the Security Council

As instructed by the Council at its first, sixth and twenty-third meetings, the Committee of Experts drafted provisional Rules of Procedure and recommendations concerning communications from private individuals and non-governmental bodies.

After minor amendments the Council adopted these Rules of Procedure and recommendations at its thirty-first meeting. It was agreed that the Committee of Experts should formulate additional Provisional Rules of Procedure for submission to the Council.

Additional Rules of Procedure drafted by the Committee of Experts were adopted by the Council at its forty-first, forty-second, forty-fourth and forty-eighth meetings. A resolution concerning the admission of new members was submitted by the Australian Representative at the forty-second meeting; it secured one vote and was declared lost. The entire body of Provisional Rules of Procedure adopted by the Council through the forty-eighth meeting is reproduced as document S/96.

#### 6. Definition of Conditions under which the International Court of Justice shall be open to States not Parties to the Statute

By letter dated 1 May 1946, addressed to the Secretary-General, the President of the Court of

International Justice brought the attention of the Council to Article 35, Paragraph 2, of the Statute of the International Court of Justice, which specifies that "the conditions under which the Court shall be open to other States shall be regulated by the Security Council." He requested that the Court be informed of any decisions the Council saw fit to take in the matter of access to the Court by States not Parties to the Statute of the Court. At its fiftieth meeting the Council referred this letter, together with a memorandum of the Secretary-General in regard to this letter, to the Committee of Experts and instructed the Committee to prepare a draft resolution for the Council.

#### 7. The Greek Situation

By letter dated 24 August 1946 addressed to the Secretary-General (S/137), the Minister of Foreign Affairs of the Ukrainian S.S.R. stated that, pursuant to Article 35 (1) of the Charter, he brought to the attention of the Security Council the situation in the Balkans which had resulted from the policy of the Greek Government. He stated that this situation endangered the maintenance of international peace and security and was of the nature referred to in Article 34. He requested that this situation be placed on the Council's agenda and that the Council consider without delay what measures it should adopt in order to eliminate this threat to the peace.

By telegram dated 28 August 1946 addressed to the Secretary-General (S/140), the Acting Minister for Foreign Affairs of Greece requested that discussion of the Ukrainian S.S.R. application be adjourned for ten days.

By telegram dated 26 August 1946 addressed to the Secretary-General (S/142), the Permanent Representative of Greece to the United Nations stated that, in accordance with Article 31, Greece

wished to participate in the Council's discussions of the Ukrainian S.S.R. application.

By letter dated 29 August 1946 addressed to the Secretary-General (S/145), the Minister for Foreign Affairs of the Ukrainian S.S.R. requested that the Council be informed that he was available in New York to give additional information and necessary explanations on his Government's application.

At the fifty-fourth and fifty-eighth meetings the Representative of the Netherlands moved that a vote be taken on the proposal contained in the provisional agenda that the application of the Ukrainian S.S.R. be placed on the agenda.

At the fifty-eighth meeting the President proposed that the Representatives of Greece and the Ukrainian S.S.R. be invited to participate, under Article 31, in the Council's discussions. Six Representatives voted in favour of this proposal, three against and two abstained. Accordingly, the proposal was rejected.

At the fifty-ninth meeting seven Representatives voted in favour of the inclusion of the Ukrainian S.S.R. application on the agenda, two Representatives voted against the inclusion and two Representatives abstained. Accordingly, the application was placed on the agenda.

At the sixtieth, sixty-first and sixty-second meetings the substance of the Ukrainian S.S.R. application was discussed, the Representatives of Greece and the Ukrainian S.S.R. participating.

By letter dated 5 September 1946 addressed to the President of the Council (S/151), the Representative of the People's Republic of Albania to the United Nations requested, under Article 32, that he be invited to present to the Council a statement of facts concerning the application by the Ukrainian S.S.R. This request was considered at the sixty-second meeting, but no decision has yet been taken.

## The Paris Peace Conference

### U.S. Requests No Reparation From Italy

STATEMENT BY WILLARD L. THORP<sup>1</sup>

THE UNITED STATES GOVERNMENT is not requesting any reparation from Italy. Our latest estimate is that the United States direct war cost was roughly \$335,000,000,000 and that perhaps as much as \$20,000,000,000 of this tremendous amount might be allocated against Italy. The Italian participation in the war on the Axis side forced upon us two bloody campaigns in the Mediterranean. The \$20,000,000,000 represents the measure in financial terms of the prolonged Mediterranean operations carried out at the end of a long supply line. American men and American *materiel* were used in huge quantities. The combined effort of the Allies first threw the aggressor back on his own soil and then forced him to unconditional surrender.

The total of \$335,000,000,000 in war costs actually incurred by the Federal Government of the United States is approximately equal to the pre-war value of the entire national wealth in the United States. War costs as used here include primarily those expenditures incurred for the subsistence and maintenance of the personnel of the armed forces of the United States, the cost of producing armaments and other military equipment, and the cost of certain measures to increase the military strength of our Allies. War costs as used here do not include interest on borrowed funds, pensions, and other expenses related in some way to budgetary war costs, or allowances for the disturbance of the national economy. Under other definitions, the potential United States claim against Italy would be much larger than \$20,000,000,000.

<sup>1</sup>Made before the Economic Commission for Italy at the Paris Peace Conference on Sept. 11, 1946 and released to the press on the same date. Mr. Thorp is Deputy to the Assistant Secretary for economic affairs and is a member of the American Delegation to the Conference.

We agree that the Italian peace treaty should provide for the payment of reparation to certain countries in limited amounts. The statements presented here before this Commission by the various countries give an appalling record of the tragic consequences of Fascist aggression. And these statements, in their precise statistical form, only hint at the much deeper immeasurable losses caused to body and soul. No possible reparation arrangement can be fully compensatory, providing an offset to the costs and burdens of war. Nor should reparation be regarded as punitive. It should be a payment by the ex-enemy countries in recognition of the tremendous costs of war for which they were responsible and the needs for reconstruction in the Allied countries resulting from the acts of the aggressors.

The United States is not requesting reparation from Italy. In fact, the flow is quite the other way. We have been assisting Italy in many ways, while it struggles to reestablish economic activity. Since the armistice, close to \$1,000,000,000 has gone to Italy from the United States in one form or another, assisting the Italian civilian economy through this difficult period. Under the circumstances, there would be little purpose in our seeking reparation. But our interest goes beyond the point of renunciation. We ask in turn that the burden of reparation should not be transferred to us. We do not wish our assistance to Italy merely to pass through Italy as a temporary transfer point and go out to other countries as reparation. We bent every effort to provide supplies during the war to our Allies, but we are not at all interested in paying reparation for our ex-enemies. We have therefore renounced our claim but not our interest in the reparation problem. Our concern is with the difficult task of finding a fair and equitable balance between tremendous

claims on the one hand and exceedingly limited resources on the other. We recognize that our position is not always similar to that of other countries represented at the Conference. We are not suggesting that all other countries should likewise renounce their claims to reparation. Under some circumstances, it may be possible for us to be more generous than other Allied and associated powers in dealing with the ex-enemy states.

In some cases, the United States will not wish to take full advantage of certain treaty provisions which may be regarded as essential by other countries. I may refer, for example, to the question of occupation costs. We have paid to the Italian Government more than \$100,000,000 for expenditures by our troops in Italy, although Italy could be required to bear this cost under the armistice terms. We realize that other nations who maintain large occupation forces in various countries are not in the same financial position as we are.

We have not asked them to take steps similar to ours.

The United States is withholding any claim for reparation against Italy in the interest of easing the heavy burdens which Fascism and its consequences have placed on the Italian people. The imposition upon Italy of a crushing reparation burden would militate against the restoration of international economic stability, which is an essential basis for the maintenance of peace. The statements which we have been hearing in the Commission are not merely an indictment of Fascist aggression but also an indictment of a world which permits war. No conceivable schedule of reparation payments or formula for compensation for damage is in the same scale of magnitude as the costs of war themselves. None of us who has fought in this war has any economic interest which compares with his interest in creating the conditions essential to an enduring peace.

## *International Organizations and Conferences*

### **Calendar of Meetings**

#### **In Session**

Far Eastern Commission	Washington	February 26
United Nations:		
Security Council	New York	March 25
Military Staff Committee	New York	March 25
Commission on Atomic Energy	New York	June 14
Subcommission on the Reconstruction of Devastated Areas (field teams in Europe)	London	July 29
Economic and Social Council: Third Session with Commissions and Subcommissions	New York	September 11
Paris Peace Conference	Paris	July 29
Eleventh International Exhibition of Cinematographic Art	Venice	August 31-September 15
FAO	Copenhagen	September 2-13
First Inter-American Congress of Medicine	Rio de Janeiro	September 7-15
PICAO:		
Caribbean Regional Air Navigation Meeting	Washington	August 26-September 13
Council Meeting	Montreal	September 4
Special Radio Technical Division of United Kingdom Air Navigation Committee (Demonstrations)	London	September 9-30

The opening dates in the third column are current as of Sept. 15.

[OVER]

## Calendar of Meetings—Continued

Fifth Congress of the Postal Union of the Americas and Spain  
ILO: Ninety-ninth Session of Governing Body

Rio de Janeiro

September 1

Montreal

September 16

### Scheduled

#### PICAO:

Conference on North Atlantic Ocean Stations	London	September 17
Middle East Regional Air Navigation Meeting	Cairo	October 1-15
Special Radio Technical Division of Air Navigation (Demonstrations)	New York and Indianapolis	October 7-26
Meteorological Protection of International Aeronautics	Montreal	October 29
Special Radio Technical Division of Air Navigation	Montreal	October 30-November 8
Communication and Radio Aids to Navigation	Montreal	November 19
Search and Rescue	Montreal	November 26
Rules of the Air and Air Traffic Control Practices	Montreal	December 3

ILO: Twenty-ninth Session

Montreal

September 19-October 12

International Film Festival

Cannes

September 20-October 1

UNESCO: Plenary Session

Paris

November 4

International Fund and Bank: Joint Meeting of Boards of Governors

Washington

September 27

Five Power Preliminary Telecommunications Meeting

Moscow

September 28

Caribbean Tourist Conference

New York

September 30-October 9

International Tourist Organizations Conference

London

October 1-7

Second Pan American Congress of Mining Engineering and Geology

Rio de Janeiro

October 1-15

Second Pan American Congress on Physical Education

Mexico City

October 1-15

18th International Congress for Housing and Town Planning

Hastings

October 7-12

Conference on Tin

London

October 8-12

Preparatory Commission on World Trade and Employment

London

October 15 (Tentative)

United Nations: General Assembly (Second Part of First Session)

New York

October 23

United Maritime Consultative Council: Second Meeting

Washington

October 24-30

International Commission for Air Navigation (CINA): Twenty-ninth Session

Dublin

October 28-31

International Technical Committee of Aerial Legal Experts (CITEJA): Plenary Session

Cairo

November 4

World Health Organization: Interim Commission

Geneva

November 4

Inter-American Commission of Women

Washington

November 11-20

The opening dates in the third column are current as of Sept. 15.

## Activities and Developments

**U.S. Delegation to First Inter-American Congress of Medicine.** Acting Secretary Clayton announced on September 12 that the President has approved the designation of the following persons as delegates representing the United States Government at the First Inter-American Congress of Medicine, which was convened at Rio de Janeiro on September 7, 1946:

Col. Arden Freer, Medical Corps Chief, Consultants Division, Office of Surgeon General, War Department

Capt. Carroll P. Hungate, Medical Corps, United States Naval Reserve

Dr. James A. Shannon, Consultant, United States Public Health Service, Federal Security Agency

Capt. John J. Wells, Medical Corps, United States Navy

**U.S. Representative on Interim Council of PICAO.** Announcement was made by the PICAO Caribbean Regional Air Navigation Meeting in Washington on September 3 of the designation of Maj. Gen. Laurence S. Kuter, Commanding General of the Atlantic Division of the Air Transport Command, as the United States representative on the Interim Council of PICAO. Major General Kuter succeeds Gerald B. Brophy.

**U.S. Delegation to Governing Body of ILO.<sup>1</sup>** Acting Secretary of State Clayton announced on September 12 that the President has approved the designation of David A. Morse, Assistant Secretary of Labor, as United States Government representative on the Governing Body of the International Labor Office. Mr. Morse will attend the Ninety-ninth Session of the Governing Body, which is scheduled to be held at Montreal on September 16, 1946, and the preliminary committee meetings which are scheduled to be held beginning September 11, 1946. The President has also designated Miss Frieda S. Miller, Director, Women's Bureau, Department of Labor, as substitute Government representative for the period of the preliminary meetings and the Ninety-ninth Session. Mr. Morse and Miss Miller will be accompanied by:

John S. Gambs, Adviser on International Labor Relations, Department of Labor

Thomas W. Holland, Associate Chief, Division of International Labor, Social, and Health Affairs, Department of State

Walter H. C. Laves, Administrative Consultant on International Affairs, Bureau of the Budget

Also participating from the United States will be James David Zellerbach, an employers' member of the Governing Body, and Robert J. Watt, a workers' member of the Governing Body.

Mr. Zellerbach and Mr. Watt serve on the Governing Body by virtue of election by the employers' and workers' groups, respectively, at the Twenty-seventh Session of the International Labor Conference, which met at Paris in November 1945.

The Governing Body will be concerned primarily with matters affecting budget, financial regulations, Staff problems, and the pending agreement of relationship with the United Nations. The Governing Body consists of representatives of 16 governments, 8 employer representatives, and 8 worker representatives.

**North Atlantic Ocean Weather Stations Conference.<sup>2</sup>** The Government of the United States accepted an invitation from the Provisional International Civil Aviation Organization to participate in the North Atlantic Ocean Stations Conference, which was convened at London, England, on September 17, 1946. A United States Delegation of 11 persons, headed by J. Paul Barringer, Assistant Chief of the Aviation Division, Department of State, was appointed by the President. The Conference was called by PICAO in order that the 13 member states of PICAO who have an interest in weather observations over the North Atlantic air routes might determine requirements for adequate weather reporting and the apportionment of the costs of operation. It is expected by PICAO that an agreement will be

<sup>1</sup> Released to the press Sept. 12.

<sup>2</sup> Prepared by the Division of International Conferences, Department of State.

reached at this Conference which will resolve immediate responsibilities on this question commensurate with present ability of the various states operating weather vessels and that a permanent operational procedure will likewise be determined.

The Air Coordinating Committee, an inter-departmental committee composed of representatives from all Federal agencies having a direct interest in civil aviation, referred the question of United States representation to its Subcommittee on PICAO Matters. This Subcommittee recommended that representatives from the Department of State, Civil Aeronautics Administration, U.S. Weather Bureau, U.S. Coast Guard, U.S. Navy, and Bureau of the Budget be named to the United States Delegation.

The agenda for this Conference includes discussion of the number of weather stations required, their location, the number of ships for each station to be operated, the cost of operation and administration for this service, and the apportionment of cost among the nations receiving the service.

The Provisional International Civil Aviation Organization requested that where possible nations send representatives empowered to sign an agreement covering these points, subject to later ratification by the governments concerned.

The Conference is expected to last from one to two weeks.

**The Second Pan American Congress on Physical Education**<sup>1</sup> is scheduled to be held in the City of Mexico on October 1, 1946. The United States has accepted the Mexican Government's invitation to participate, and it is expected that this country will be represented by delegates from the United States Office of Education and the National Education Association. Possibly several other Government departments and agencies as well as private organizations will send representatives.

The provisional agenda for the Conference is as follows:

#### SECTION I

##### *Technical-Pedagogical*

1. That orientation in physical education should

<sup>1</sup> Prepared by the Division of International Conferences, Department of State.

be given in the pre-scholastic, scholastic (primary and secondary), and superior cycles.

2. Would the adoption of a pan-American physical-education plan be advisable? What would be its bases and fundamental directives? What would be the common objectives?

3. The role of physical education in the educational plan.

#### SECTION II

##### *Technical-Biological*

1. In accordance with individual physical strength, what elements should be considered for classifying homogeneous groups for the practice of physical education in the different school cycles?

2. Would the elaboration of an individual, integral, pan-American rating be advisable?

3. Sex and physical education.

4. Puberty and physical education.

5. Endocrinology and physical education.

6. Nutrition and physical education.

7. Evaluation of results obtained by instructors of physical education through the method of anthropometric and physiological measurements as modified by physical exercise.

8. Evaluation of the physical capacity of students by the method of minimum tests. What should examinations consist of? What should be their practical application?

9. Deviations from morphological and physiological normality. Criterion of appreciation. The role of scholastic physical education in connection with these problems.

10. Geographical altitude and physical education. Adaptation, results, fatigue, etc.

11. Health certificate an indispensable requisite for the sportsman.

#### SECTION III

##### *Policy and Educational Sociology*

1. Post-war problems.

2. Readaptation of the Indians for physical education. Methods to be utilized.

3. Should post-scholastic physical education, with official support, be a practical activity directed to the masses?

4. Social-moral problems derived from professional sports. The ideals of the Olympic amateur.

#### SECTION IV

##### *Organization of Physical Education*

1. Should infantile playgrounds, playgrounds, recreation centers, permanent camps, vacation colonies, etc., be institutions under the technical control of the directing organizations for physical education? What should be the purposes, scope, and organization of each one? Is adoption advisable in countries which do not have it and must encourage its diffusion?

2. The unification of plans in the institutes for teachers of physical education and the validity of the titles awarded for all the American countries.

3. The scope of recreation as a medium of popular education. Adequate use of free time. Organization of recreation facilities for employees and workers.

4. What should be the elemental basis for unifying the statistics of pan-American physical education?

#### SECTION V

1. Technique of organized infantile play. Principal games peculiar and autochthonous to each country for knowledge and diffusion in all the American countries as a means of promoting pan-American solidarity.

2. What should be the character of sports in the school? The teaching of recreation or of competence? Its methodology and technique.

3. Feminine sports. Purposes and its technical-biological and social-moral place.

**International Tourist Organizations Conference, London, October 1-7, 1946.<sup>1</sup>** The Travel Association of Great Britain and Northern Ireland has issued invitations to all governments throughout the world asking their official tourist representatives to attend an international conference in London to be held at the Town Hall from October 1 to October 7, 1946. This association is the Government-sponsored travel organization dealing with tourism.

The purposes of the Conference as stated in the invitation are:

(a) To promote international travel as the best medium for the building up of that international good-will which is essential to the maintenance of a lasting peace.

(b) To discuss matters of mutual interest affecting the world's travel industry and to seek means for removing or modifying, progressively, existing restrictions and regulations which now make traveling a difficult and irksome business.

The agenda for the Conference includes the following items:

1. Free movement of tourists, passports, visas, currency control.

2. Standardization of tourist statistics.

3. Improved conditions of customs entry of official tourist publicity material.

4. Exchange of students and young people's visits.

Twenty-seven nations have now accepted invitations to the Conference. Many of them, particularly the western European countries, will send as their representatives officials of ministerial rank who head government bureaus or departments responsible for the promotion of tourism.

The United States Government will be represented by George Tait, Counselor of Embassy, London, and by Herbert A. Wilkinson of the Office of International Trade Policy, Department of Commerce. Delegates to the Conference will not have plenipotentiary powers; Conference reports will be in the form of resolutions which will be referred to the participating governments for consideration.

The restoration and development of international tourism is of major importance to world trade expansion. This is indicated by the statistics for the year 1937 (the last normal year before the outbreak of the World War). In that year American tourists expended more than \$561,000,000 in foreign countries.

The World War has left a heritage of barriers and restrictions to international travel. Grave problems are presented in any effort toward the reduction or removal of existing frontier formalities.

<sup>1</sup> Prepared in collaboration with the Caribbean Commission and the Division of International Conferences, Department of State.

ties, security controls, and passport and visa regulations. Yet these are but a beginning. Economic and financial policies must be developed, and planning on an international scale will be essential to the successful reestablishment of international tourism. The London conference will be one of many attempts to restore this important commerce.

**The Eighteenth International Congress for Housing and Town Planning**<sup>1</sup> is scheduled to be held at Hastings, England, October 7-12, 1946. The United States has accepted the invitation of His Majesty's Government to attend, and it is expected that an official delegation of 11 persons representing interested departments and agencies of the United States Government, and several more representing private organizations, will attend.

The Congress is being organized by the International Federation of Housing and Town Planning, an organization founded in 1913, with headquarters in London. Recent meetings of the Congress were the Seventeenth, held at Stockholm, July 8-15, 1939, and the Sixteenth, held at Mexico City, August 15-19, 1938.

The provisional program for the sessions of the Eighteenth Congress includes the following topics:

1. Replanning the centers of cities—some examples of new plans: County of London, Le Havre, Exeter, Warsaw, Stalingrad, Rotterdam, and Antwerp.

2. Replanning the centers of cities—decentralization: The planned location of industry in town and country; balanced movement of population and industry; new towns; satellites; extension of existing towns; density and open-space standards; machinery; and special problems of different countries.

3. Replanning the centers of cities—implementing the plans: Land; basis of ownership; finance; labor and materials; organization; priorities; and the building industry.

4. Housing technique: New methods of construction; new materials; standardization; planning; production and distribution; assembly and erection; services and equipment; research; inter-

national pooling of information; and the role of sociologists, engineers, and architects.

5. Housing economics: Finance; land; changing approach to housing; limitation of life of houses; ownership and renting; and international coordination.

In addition to the plenary sessions of the Congress and the meetings of the committees there will be a number of tours and visits throughout England to study housing and town-planning projects. Exhibits are also being prepared for the inspection of the delegates to the Congress.

## CONFERENCE ON TIN

[Released to the press September 9]

The United Kingdom Government, after consultation with the Governments of the United States, Bolivia, Belgium, and the Netherlands, has invited the main tin-consuming and tin-producing countries to an international tin conference in London. The countries invited are Belgium, Bolivia, China, France, the Netherlands, Siam, the United States of America, and the Union of Soviet Socialist Republics. The object of the conference is to consider the prospective tin position and the advisability of continuous intergovernmental study of that position. It is hoped that the conference will open about October 8.

The United States has accepted the invitation to attend the tin conference in London. An announcement will be made concerning the membership of the United States Delegation after its composition has been finally determined.

## Foreign Surplus Property Disposal

On September 14 a discussion on the disposal of foreign surplus property was broadcast over the NBC network. The participants in the broadcast were Thomas B. McCabe, retiring Special Assistant to the Secretary of State and Foreign Liquidation Commissioner, and Gen. Donald H. Connolly, Deputy Foreign Liquidation Commissioner. For a complete text of the radio discussion, see Department of State press release 641 of September 13.

<sup>1</sup> Prepared by the Division of International Conferences, Department of State.

## *The Record of the Week*

### Private Enterprise in the Development of the Americas

BY ASSISTANT SECRETARY BRADEN<sup>1</sup>

IT IS PERTINENT in the discussion of foreign investments to recall that to begin with English and other European capital contributed in substantial measure to the financing of this region. (I have been told that at one period the Royal Family of Great Britain were the largest single stockholders of a principal Midwestern railroad.) In this way, new undertakings were given indispensable impetus and support. They grew, prospered, and accumulated capital, wherewith to continue building, to initiate still other enterprises, and incidentally to purchase their own securities held abroad. Thus, in due course, foreign investments and profits in this country were repatriated largely by normal means, although the process was expedited by the last war. There were neither confiscations nor expropriations. It was good business for everyone.

United States capital has frequently, in somewhat similar fashion, gone into the other American republics. But it is only in the last dozen years or so that any considerable number of the nationals of those countries have demonstrated a desire to purchase the securities of these enterprises. Also, in many cases they have not yet accumulated the wherewithal to do so.

Huge sums will be required for the adequate development, industrialization, and diversification of the economies of those countries. In the light of the extensive experience already amassed, it should be possible for United States capital, "know-how", and ingenuity in collaboration with our neighbors to the south to avoid the mistakes which they and we alike have made in the past, and to get together on mutually profitable bases.

In this way, our surplus stores of private-venture capital, if soundly placed, can earn substantial dividends. The proper employment of

this capital with the latest machinery, tools, and methods will accelerate per-capita productivity, raise real wages and living standards, and so augment the wealth of the other peoples of this hemisphere that they too, gradually, by normal means, may acquire the full ownership of the enterprises located in their countries. Nothing could be better calculated to insure the ultimate defense of the hemisphere and, therefore, of the United States.

This procedure will serve further to expand the already growing numbers of the educated and liberty-loving middle classes and to fortify popular resistance to those totalitarian ideologies of both the so-called "right" and "left", whose agents and "cat's-paws", while busily trying to burrow everywhere, prey successfully only upon those who have been weakened by poverty and privation, by lack of sanitation and education, and who enjoy neither present well-being nor prospects of security for themselves and their families.

I wish to emphasize that private enterprise is the best and in most circumstances the only really sound means to develop the known or unknown resources of a new country, because in recent years there has appeared a school of thought which, when considering United States cooperation in the development of Latin America, overlooks or even in a few cases condemns the use of private capital. Instead it advocates that the requisite financing be done by our Government, either in the form of loans at low rates of interest or of what is tantamount to outright grants, in the case of certain public-health, nutrition, and educational projects. These well-intentioned proposals are entirely consonant with our definite and continu-

<sup>1</sup> Delivered before the Executives' Club of Chicago in Chicago, Ill., on Sept. 13 and released to the press on the same date.

ing policy of economic and social cooperation with the other republics, but the suggested implementation of using United States taxpayers' money abroad to any appreciable extent I believe is generally impractical, invalidated by the experience of history, and counter to the expressed desires of the American republics. Among the many economic and other reasons why the job should be done mainly by private enterprise, there are the following:

(1) The selective processes of society's evolution through the ages have proved that the institution of private property ranks with those of religion and the family as a bulwark of civilization. To tamper with private enterprise, except to apply well-conceived, legal, and essential controls, will precipitate a disintegration of life and liberty as we conceive and treasure them.

Those totalitarian regimes of our time, which pretend to have established a modern streamlined communalism, have with their regimentation and dull mediocrity demonstrated the gross inefficiency of state management. But what is worse, they have destroyed individual independence, initiative, and opportunity. They have left the single man weak and subjected to such barbaric conditions as have shocked all civilized peoples. If to depend on government for everything within our own borders is demoralizing, what will be the effects of doing so abroad?

(2) In the Economic Charter of the Americas, approved by the Inter-American Conference on Problems of War and Peace at Mexico City in March 1945, the American republics declared for freedom of action and opportunity, the promotion and encouragement of private enterprise, elimination of the excesses of economic nationalism, and assurance of just and equitable treatment to foreign capital, management, and skills. It is perhaps of challenging significance that, in a world ridden with stateism, at least the American republics still affirm the self-reliant, virile principles of private enterprise.

(3) Except during the crisis of war, government, with manifest exceptions, does not belong in business other than for legitimate and essential regulation or cooperation. When it does intrude to operate or excessively control undertakings normal to private enterprise, inefficiencies, extravagance, and disorder inevitably ensue. All my experience in and out of government has con-

vinced me of this. Private enterprise, as a rule, will invest capital more wisely and develop resources more competently.

(4) Our huge war debt, budget, and tax burden will, I anticipate, cause the American people through their representatives in Congress stringently to curtail or eliminate every expense beyond our borders, the necessity of which is not directly and readily apparent. For a time desirable as well as undesirable projects will go down before an economy wave. In other words, the generous appropriations of the last few years will not be voted soon again.

To be more concrete, there are, doubtless, thousands of worthy projects outside the United States, where, by a wisely planned and executed financial and technical cooperation, great good could be done. The American taxpayer, however, unappreciative of the value to hemisphere defense of such measures, might ask why those funds were not devoted, if at all, to our own necessities in this country.

The vast sums spent and loaned by the United States since 1940 have created the false impression that our wealth is infinite. Far too often it is said, right here at home: "But what are a few million dollars to Uncle Sam?" The time has come to recognize that the United States Treasury is not an inexhaustible reservoir, that "thrift is the philosopher's stone" and that excessive taxes discourage production. Lower production means unemployment and less national income or purchasing power wherewith to buy from our neighbors, as well as from ourselves.

(5) The volume of government foreign financial operations henceforth should also be restricted because the official responsible for making a loan or investment is morally bound to employ even greater caution and stricter standards than the representative of private capital. He is, so to speak, acting as a trustee on behalf of the taxpayer, who becomes the real investor yet with no prior opportunity to pass on the security. On the other hand, while the private entrepreneur's judgment and prestige, and therefore his survival in business, are involved, he is either authorized to act by his directors and stockholders or is selling the security to a client, who himself decides whether or not to buy. In either case he can exercise considerably more latitude in the risks he as-

sumes than the government official properly should.

(6) The maker of any loan or investment necessarily has to specify conditions and demand compliance therewith. But when government is a party to the transaction, the responsible official, as I have just indicated, must sometimes be so exigent that his requirements may be misinterpreted as a species of intervention. This would be distasteful to both parties, but particularly to the borrower, and, because of the preponderance of United States economic—and military—power, could easily provoke accusations of "dollar diplomacy", which under existing policies should not arise with respect to private capital. Also, financial assistance by our Government might on occasion be misinterpreted as an endorsement of a given administration. We wish to avoid even the hint of such charges as the afore-described because our determination is to meet with our neighbors as sovereign equals on a basis of mutual respect.

In this spirit we neither expect nor would we accept a profit beyond the actual cost of the money to us, on loans or investments made by our Government in the other republics, yet those funds through the tax medium come from the store of private capital and, if otherwise employed, would earn a fair return proportionate to the risks taken.

On the other hand, if we endeavor to assist another country with grants, no matter how meritorious the objectives, the recipient deep down will not like it—no one wants to be the object of charity. Also it is well to remember that when one gets something for nothing, he usually values it at precisely nothing. Friendship cannot be purchased.

What then are the limited occasions when United States Government money may be properly loaned or employed abroad? I would list the following:

(a) Investments to produce vitally needed rubber, nickel, and other materials in wartime, when costs and sound business are subordinate considerations and private enterprise cannot bear the unavoidable losses.

(b) Long-term loans, such as that to Great Britain, and investments, such as in the International Bank and Monetary Fund, to prevent worldwide economic chaos, from which we would suffer as much as, or more than, anyone.

(c) Donations in war-ravaged areas, where pri-

vate organizations could neither mobilize quickly nor surely enough to operate effectively.

(d) The initiation, preferably in conjunction with local interests, of certain health or cultural endeavors not of a purely economic nature, as an incentive to others to take over or follow suit, thus expediting the fruition of these essential projects. This should be done only to forward our long-range foreign policy, which is to help bring into being a world in which the United States may live safely in freedom, peace, and prosperity.

(e) Short-term credits to assist in the financing of our export and import trade, where private capital may not be available.

To develop our foreign commerce we hope to have common effort by public and private finance. In this three of Chicago's distinguished executives, Champ Cary, Walter J. Cummings, and Fowler McCormick, will take a leading role. When appointing them to the Committee for Financing Foreign Trade, President Truman emphasized the "vital importance" of tying in "our national productive capacity with the world's reconstruction requirements." He also declared that:

"The conduct and financing of our foreign trade should be handled by private industry with the cooperation and such assistance as is necessary from the proper Government agencies."

It also has been considered appropriate for the Government to collaborate with our neighbors by making loans or investments which may blaze the trail for private capital and in which the latter may participate. This type of financing is now available from the International Bank for Reconstruction and Development, to which we have contributed so materially.

Self-evidently our Government should undertake no financial operation when the effect will be to harm American investments or foreign trade.

Generally, the better credit risks will be those countries which do not have exaggeratedly nationalistic or restrictive laws and which do pursue the liberal trade policies agreed upon at the Mexico City and previous inter-American conferences.

There must be reciprocal confidence between lender and borrower. To insist upon genuine compliance by the signatories to every international agreement is imperative. Not to do so would break

down all international relations and would greatly weaken, if not destroy, a government's ability to require that the loans, concessions, or contracts of its nationals abroad likewise be respected.

A government which wastes or misspends its competence, as for instance on excessive armament, both injures its people and is likely to be a bad debtor. This also applies to any government which by abuse of the power to tax destroys initiative, thrift, and the commonweal.

The purpose of lending should be to create a net increment to the economy of a borrowing country. Therefore, loans should not be made, if they enable another government to acquire or displace existing efficient private enterprises, whether they be American in ownership or not. Every country has the right to experiment in whole or part with its economy, but the risks of experimentation abroad should not be borne by the American taxpayer.

This Government, of course, should not compete with commercial banks or private investors and it will be unnecessary for it to do so, if these latter will demonstrate the progressiveness and imagination which made this country and this city what they are.

Finally, I would add that disreputable governments and, in the long pull, dictators do not make good financial risks. While corruption in government frequently leads to dictatorship, it is equally true that dictatorships almost inevitably sink into corruption. "Power corrupteth; and absolute power corrupteth absolutely". Temporarily the dictator's decisiveness and semblance of efficiency may be more impressive than the often protracted constitutional procedures of a democratic regime, but in the end they turn out to be traps for the ingenuous. Many of those who have dealt with such as Hitler and Mussolini have learned this lesson to their regret.

In keeping with its experience, and while scrupulously avoiding even the remotest implication of intervention, the Department of State has publicly declared that our Government and people, of course, have a more friendly feeling for, and a greater desire to collaborate with, those countries whose governments rest upon the periodically and freely expressed consent of the governed.

But if it be granted that United States Government participation in the development of the other American republics should be limited it may be

asked: Is private enterprise competent to assume the major share of this job? Has it not made too many mistakes in the past?

Certainly mistakes, serious ones, have been made. Many bond issues of the late 1920's were unwise and sometimes worse. But, after all, we erred just as grievously with our own securities and I know of no one in that insane era who did not make mistakes. Moreover, no advantage is to be gained by assessing the relative responsibilities of lenders and borrowers. Both blundered badly, and both have suffered as a consequence. It is to be hoped that that lesson has been well learned.

Likewise, American capital in other ways has occasionally committed mistakes and even abuses, but it has paid for them dearly, the many innocent suffering with the very small number of guilty. However, business mores everywhere have steadily improved during the last few decades and I am proud to say that today the vast majority of our industrialists, merchants, and bankers in Latin America are of the highest integrity and will have no more truck with the other kind than will our diplomatic missions. They rigidly obey the laws of the lands where they reside and comport themselves with a propriety and dignity which wins respect for them and their country. With few exceptions, they have refrained from political meddling.

In this latter connection it is pertinent to quote the State Department's position:

"The Department disapproves of and opposes most strongly any intervention in local political affairs by American businessmen or companies. Such activities are bad for American business, complicate international relations and create serious problems, and are bound to lead to rumors that the Department is involved. The position of the Department is that any American businessman or company engaging in political activities (including the making of campaign contributions whether in the firm's name or by an American citizen as an individual) need expect no assistance from the Department or from our diplomatic missions abroad."

The United States, with values written down to 1940 levels, has approaching \$3,000,000,000 of direct private investments in the other American republics. This money has mostly—76 percent—gone into manufacturing, public utilities, and the development of natural resources. This contrasts

with European undertakings which in most of the countries have been largely devoted to trading and therefore have not so substantially increased the economic potential of those nations. Nor does the trader have to struggle in the same measure with the multiplicity of complicated and difficult social or other problems which the industrialist has ever present. Our investments have created new, more skilled, and higher paid employment. They have established new industries and increased purchasing power, not to mention substantial tax contributions for the governments concerned. By and large a constructive job, highly beneficial for the countries involved, has been splendidly done.

It is sometimes alleged that especially our oil and mining enterprises have made exorbitant profits. That charge is due to a misconception of the nature of those undertakings. The investigation, equipment, and placing in operation of a large mine or oil property in the remote mountains or jungles where they are usually found, is at best highly speculative and involves directly millions upon millions of dollars, not to mention other millions previously expended in unfruitful explorations and dry holes. To expect such venture money to accept the low return of, for instance, a triple A bond, is absurd. The profit must be commensurate to the risk.

On the other hand, large corporations operating in Latin America may find it unorthodox, but highly remunerative in the long run, jointly or severally to devote a portion of their profits to public service of the type ordinarily handled by government in agriculture, health, or education. For example, the drawing away of agricultural workers from the soil by one or two big industries in a given country may so reduce the production and increase the cost of food as to unbalance the national economy. To assist in the solution of such a problem would be self-interested wisdom.

Outside the economic field, the achievements of such United States organizations as the Rockefeller Foundation in nutrition, sanitation, and education deserve highest praise, but require no comment now because they are already so widely recognized.

In Chicago, one of the world's great labor centers, I would be delinquent did I not mention that while United States labor organizations have not thus far been active in the other republics, contacts

have been established and measurably cemented in recent years. The American working-man knows that the only way permanently to raise real wages is by increasing per-capita productivity through the adoption of the most modern machinery, tools and methods. He is anxious to see the labor and living standards of his fellows to the south improved, not merely to avoid low-wage competition and to create new markets for the goods he makes, but for humanitarian reasons, to avoid the totalitarian infiltrations to which I have referred, and to replace the menace of economic uncertainties, such as inflation, with the stability which is so vital for the worker.

It is right and proper that labor throughout the hemisphere have a common concern in these matters. As Abraham Lincoln said when addressing a deputation of working-men:

"The strongest bond of human sympathy outside the family relation, should be one uniting all working people of all nations, and tongues, and kindreds."

Lincoln went on to remark:

"Nor should this lead to a war on property, or the owners of property. Property is the fruit of labor; property is desirable; is a positive good in the world. That some should be rich shows that others may become rich, and hence is just encouragement to industry and enterprise. Let not him who is homeless pull down the house of another, but let him work diligently and build one for himself, thus by example assuming that his own shall be safe from violence when built."

Gentlemen, I trust you will agree with me in the urgent necessity of the United States collaborating with its neighbors of this hemisphere to conquer the conditions of distress which presently exist, to improve living conditions, and to bring about a sound and beneficial development of those countries.

At best, even with maximum concerted effort, we can only expect gradual progress over a long period of years. But if nothing is done, proponents of extremist "isms" will fill the vacuum with their specious promises, which aim to create such confusion and upheaval as will destroy both private enterprise and the human rights and civil liberties we hold so dear.

The job must be done. It should be done pri-

marily by private enterprise with all the driving force of competitive democratic capitalism rather than by government. But if there is not a conscious, coordinated, and effective performance by private enterprise, government may be compelled to fill the breach. If we are to preserve the "American way of life", this unhappy alternative *must* be avoided.

The Department of State desires in this program to cooperate with private enterprise in every way possible. I am confident that it can give valuable

counsel and guidance. It can help to formulate plans along broad constructive lines, in terms of over-all and future advantages as well as of individual and momentary benefits. But the implementation, the doing, the achievement depend on the initiative and vision of private enterprise.

Our success or failure in the performance of this complex and difficult task may determine not only the economic well-being and prosperity, but the security and independence of this hemisphere and the United States.

## Policy on UNRRA Shipments to Yugoslavia

### STATEMENT BY ACTING SECRETARY CLAYTON

[Released to the press September 12]

As a natural reaction to the inexcusable behavior of the Yugoslav air forces in shooting down two unarmed U.S. transport planes resulting in the loss of five American soldiers, it has been widely urged that the United States Government stop immediately further shipments of UNRRA supplies from the United States to Yugoslavia.

The present status of this matter is as follows:

The Yugoslav authorities have met the demands of the United States Government that the survivors of the attacks be released, that the Yugoslav authorities apologize, and that a promise be given that such attacks will not recur. The Yugoslav authorities have also tentatively agreed to indemnify the families of the U.S. airmen who lost their lives. The question of compensation for property is still under discussion.

Thus, the demands of the United States Government have been largely met.

The question now is:

Should we attempt through UNRRA to retaliate against the Yugoslav Government for this outrageous occurrence?

We think not, because, aside from the fact that the matter is already in a fair way to be adjusted, any such action on our part would be a violation of the obligations we assumed when we agreed to participate in UNRRA.

UNRRA is an international organization established by the United Nations. Its resources are

made up by contributions of 2 percent of the national income of the contributing countries. Although the United States contribution is 72 percent of the total, it is no more in proportion to our means than that of any other contributing country.

UNRRA is governed by its Council of 48 nations and by a Central Committee composed of representatives of nine member nations, of which the United States is one. That Committee approved the relief program for Yugoslavia.

To take any action now to stop shipments from the United States on this program would subject us to the charge that we have little regard for the sanctity of international agreements.

Notwithstanding the great provocation in this case, it is our belief that we should take no action which would place us in the position of dishonoring our international commitments.

### Foreign Agriculture

The following article of interest to readers of the BULLETIN appeared in the September issue of *Foreign Agriculture*, a publication of the Department of Agriculture, copies of which may be obtained from the Superintendent of Documents, Government Printing Office, for 10 cents each:

"Cuban Agricultural Policy", by Paul G. Minnehan, agricultural attaché, American Embassy, Habana.

# Government's Role in Assisting International Cooperation Between Scientific Groups

BY RAYMUND L. ZWEMER<sup>1</sup>

IT HAS BEEN RIGHTLY SAID that scientists are probably the world's oldest internationalists. Aristotle, Euclid, and Archimedes traveled throughout the ancient world to get the information and the inspiration they needed. More recently, the Curies, Fermi, Neils Bohr, Walton, Hahn, Urey, and many others have exchanged ideas developed in laboratories in many countries, by scientists of many different nationalities, creeds, and races.

Rarely does the average student stop to think of the nationality of Galileo, Copernicus, or Newton. Many names of famous scientists are now so woven into our language that even their original pronunciation has been lost—for instance, pasteurized milk, amperes, and volts.

Until recently, most scientific collaboration between countries was carried out by scientists themselves independently of their governments. In this the scientific unions and the large national congresses performed services of widely recognized value. Typical of such international interchanges were the triennial congresses of the Association of Chemists which used to assemble as many as 4,000 delegates from 52 nations.

However, even in the years between the wars, it was beginning to be recognized that privately financed organizations alone could not do all that was necessary to make sure that scientific progress was reported in all countries, nor could private organizations alone assist the less technically advanced countries in developing techniques and experimental projects of a lasting value.

The Organization for Intellectual Cooperation, associated with the League of Nations, did help to some extent, but most of its work came to an abrupt end in 1939 when Axis aggression induced scientists as well as everyone else to line up for or against the various concepts of what world law and order should be.

During the war it became more and more evident that science and human affairs are inseparable. Industrial progress and high living stand-

ards depend in the final analysis upon the scientific development of the fullest use of natural resources. Furthermore, it is now generally recognized that without a steadily improving economy wars are more likely to break out—just as crime breaks out in depressed slum areas. This is not a simple cause-and-effect relationship. All criminals are not necessarily the product of slums, nor can lawbreakers be reformed by being set up in palatial establishments. But, admittedly, people with low living standards, hungry people, and ignorant people, are a breeding ground for ill-will and aggression because they are easily misled and misinformed.

I am glad to see more scientists being drawn into political and international life. Practically every one of the new international agencies now recognizes the importance of the scientist.

A brief review will recall to your attention that in the United Nations the Security Council has a commission considering control of atomic energy, resources, and applications. Many commissions of the Economic and Social Council deal with the sciences directly or indirectly. Of the specialized bodies, the Food and Agriculture Organization has an ambitious program for combating the world's long-standing problems of hunger and dietary deficiencies, by determining and improving the scientific relationship between production of world food and other agricultural products and world needs based on careful regional analyses.

Engineers of many types are being called upon to solve transportation tangles in Europe through the Inland Transport Organization, and all over the world through PICAQO, the Provisional International Civil Aviation Organization. They are also helping through such bodies as the International Hydrographic Institute, the Interna-

<sup>1</sup> Address delivered before the American Chemical Society in Chicago on Sept. 13 and released to the press on the same date. Mr. Zwemer is Executive Director of the Interdepartmental Committee on Scientific and Cultural Cooperation, Department of State.

tional Telecommunications Union, and through advising and developing new power projects in a number of countries.

The newly created World Health Organization will call upon the vast field of chemistry related to the medical sciences, preventive as well as curative.

UNESCO, about which we will hear later, has an entire commission devoted to scientific programs.

In addition to these multilateral international efforts, the United States Government has in recent years called upon scientists to aid in furthering its foreign policy in bilateral cooperative projects. We want to see other countries develop stable economies, since their development is helpful to us as well as to them, and it is essential to the building of a peaceful world. The Federal Government has now in operation some 22 types of cooperative projects of a technical or scientific nature with other countries in the Western Hemisphere.

This program was developed to implement the Buenos Aires and Lima conventions signed by the 21 American republics in 1936 and 1938. While much of it became related to the building up of hemisphere solidarity in wartime, the permanent value of the program was recognized by Congress in increasing its appropriation 30 per cent for its first full peacetime year. I would like to give you a few examples of the work which has been done in this precedent-making program.

A few months ago I had the opportunity of visiting six countries where cooperative projects are now in operation. In Guatemala and Peru I visited agricultural experiment stations where, as in other experimental stations in Latin America, research was being done by Department of Agriculture scientists on fibers, insecticides, medicinals, and other tropical products which are not grown in the United States.

In Guatemala, as elsewhere, these agricultural stations are financed jointly, the United States contributions being more than matched by the other country in men, money, and materials. For the entire agricultural program, the cooperating countries have spent \$3 for every \$1 spent by the United States.

In Colombia, I talked with our specialists who are working on rubber cultivation. A scientist from the United States Department of Agriculture

reported that in the upper regions of the Amazon he and his Colombian co-workers have just discovered a new type of blight-resistant rubber plant. The implications are tremendous for Colombia and for other rubber-raising countries. Plans are already under way for three new nursery plantations and numerous homestead plantings of this new type of rubber. The growing of rubber as a cash crop on small farms should be an important factor in stabilizing the production of raw rubber.

In Mexico, I visited the fish hatchery at Salazar at an altitude of 10,000 feet. Through introducing the latest scientific methods here and elsewhere in the country, rainbow trout, blue gills, and black bass are raised from egg to adult stage and then released in streams and lakes throughout Mexico. Better utilization of deep sea fish also aids in providing an increased source of food for the population. Two experts from the Fish and Wildlife Service give expert assistance in this project.

Medical projects in other countries include assistance in the control of epidemics of disease, vitally important in this era of rapid transportation of persons from one country to another; the dissemination of pamphlets and other informational materials on child care and general public health; advice and help in the setting up and inspection of much-needed pure water supply systems; and aid in improving the collection of vital statistics.

These and many other projects—such as the radiosonde weather stations in the Caribbean area which serve as hurricane-warning centers and weather-reporting points—are all financed jointly by the United States and by the cooperating governments. In general, we supply staff and know-how in the beginning, the other governments supply plants and equipment. These projects are largely self-terminating as nationals are trained to take the places of the U. S. experts in a few years' time.

In carrying out the program we have necessarily developed a network of exchanges of people and ideas. American specialists have gone to Latin America and have brought back much that is of scientific value; about 700 Latin American specialists have come to this country for training courses in our Government departments and technological schools. We have also had 200 or so students visiting in this country every year, a large propor-

tion of whom were interested in scientific and technical fields.

The agency of the Federal Government which plans and coordinates these projects for the Department of State is the Interdepartmental Committee on Scientific and Cultural Cooperation. This Committee is the general staff for the "Combined Operation" of 12 government agencies representing 42 separate bureaus. Our total budget this year amounts to approximately \$5,000,000.

While the budget is modest in comparison with the amounts of money involved in wartime expenditure, the results have been very gratifying in terms of accomplishment. The acceptability of the program by the cooperating governments is shown by their increased financial participation, which is now greater than our own. Sharing the expense makes it imperative that projects be worked out to mutual advantage.

Many other governments—including the British, French, Russian, and German Governments—have for many years recognized the need for spending money on similar activities. We are a late-comer in the field. I might add that our emphasis on cooperative scientific and technical projects in addition to cultural activities and information exchanges is a rather typically American emphasis.

The value of these scientific and technical projects in promoting hemispheric solidarity was well demonstrated during the war. The program helped to improve our own defenses by improving health conditions in strategic military areas where our troops were stationed; it also increased hemispheric productivity, and solidified good relations by demonstrating by deeds our interest in the welfare of the others.

In peacetime, programs of scientific and technical cooperation can also be evaluated in terms of our national welfare. Economically, by improving standards of living in other countries, at relatively small cost to ourselves, we improve trade opportunities. By familiarizing others with our technical and scientific methods we increase demands for American equipment and machinery. And by assisting in promoting a more stable world economy we may perhaps avoid the disastrous decline in world commerce which took place in the thirties. Instead of gluts of coffee or wheat or national failures in one-crop countries we want a balanced trade with healthy balanced economies abroad.

In addition to the economic dividends which our relatively small investment in scientific and cultural cooperation brings, there are also the social and political values which come from the increased understanding that naturally flows from working together as a team. When we bring together people of like interests and set them to work on mutually advantageous projects, good-will and friendly feelings are almost bound to result. The important thing is to collaborate and in the actual process of working together we learn to understand and in most cases to admire each other.

You will have noted that I have been talking chiefly of cooperative projects with the Americas. This is because the Congress has so far only granted authority to operate in this hemisphere. Basic legislation to extend the cultural and scientific cooperation program to other areas of the world was contained in a bill introduced into the last session of Congress by Congressman Bloom and an accompanying bill introduced in the Senate by Senator Thomas. The House bill received the unanimous support of the Foreign Affairs Committee and passed the House by a large majority. In the Senate the bill passed the Committee on Foreign Relations by a vote of 16 to one. However, it failed final passage in the Senate in the pressure of other legislation during the final days of the Session. If similar bills are introduced into the next session of Congress and passed successfully, the United States Government's program of cultural and scientific cooperation can then be extended on a world-wide basis.

Such an extension is desirable for many reasons but particularly if we are to play our full part in implementing the United Nations Educational, Scientific and Cultural Organization (UNESCO). UNESCO is an advisory, stimulating agency which has to rely on national governments to carry out suggested programs. We need national authority before we can play our full part internationally.

Our cooperative scientific and technical projects with the nations of this hemisphere have served in a way as a laboratory experiment. They have shown us that the kind of cooperation that can win a war can also be effective in building up a friendly neighborhood of nations. I trust that we can continue to build good neighborhoods throughout the world—a world which science has made too small for war.

## Denial of Sale Of Military Items to China

[Released to the press by OFLC in Shanghai August 27]

*Assistant Secretary of War Howard C. Petersen and Thomas B. McCabe, Special Assistant to the Secretary of State and Foreign Liquidation Commissioner, made the following joint statement through the office of the American Consul General on August 27:*

We have noted the charges appearing in the press to the effect that we are engaged here in "secret" negotiations with representatives of the Chinese Government for the sale to China of large amounts of surplus ammunition, weapons, and other purely military items and that as part of the consideration for this sale China is to cede to the United States valuable civil air rights. These statements are without foundation in fact.

Discussions are in progress looking toward the sale to China of surplus property now on the islands of the western Pacific having an estimated original cost of approximately \$500,000,000.

No ammunition, no weapons, no airplanes of any type, no other purely military items are among the surplus now being offered to China. All of this surplus is civilian-type or civilian-end-use items. We are of the opinion that its acquisition by China will be of vast benefit to the rehabilitation of China and to its peacetime economy.

Chinese civil air rights have not been discussed as part of the consideration nor will this form any part of the consideration of the sale of the surplus. Discussions on a civil air agreement are being carried on by Bolling R. Powell of the U.S. Department of State, who was a passenger on the airplane which brought us to China but who is not a member of our surplus-property mission. These discussions are completely separate from and unconnected with the surplus-property negotiations.

Mr. Powell stated that he is holding discussions with the Chinese Government on the question of a mutual bilateral civil air agreement of the type that has been successfully negotiated by the United States with about 18 other countries of the world, including France, Canada, Norway, Sweden, Holland, Portugal, and the United Kingdom. He also said that if a civil air agreement is successfully concluded its provisions will be publicly announced in a press statement.

If a sale of surplus property to China is successfully concluded, it will not be a secret agreement, and a detailed press statement will be issued or a press conference held.

## Agreement With China On Surplus-Property Sales

[Released to the press by OFLC in Shanghai August 31]

T. V. Soong, President of the Executive Yuan, and Thomas B. McCabe, United States Foreign Liquidation Commissioner and Special Assistant to the Secretary of State, signed on August 30 at Shanghai an over-all agreement for the bulk sale to China of certain U. S. civilian-type surplus property located in the western Pacific and China in settlement of U. S.-Chinese national currency indebtedness to China plus the equivalent of \$55,000,000 (U. S.) for other considerations of value to the United States in China.

The following joint statement was released in Shanghai on August 31:

The surplus property, newly acquired under this agreement, originally cost the United States \$500,000,000 (U. S.) for the moveables in China, Okinawa, Guam, Saipan, Tinian, and other islands and \$85,000,000 (U. S.) for the fixed installations in China. In addition, as an offset of \$74,000,000 (U. S.) to the U. S. indebtedness China is receiving approximately \$130,000,000 (U. S.) original cost of other surplus property, \$90,000,000 (U. S.) original cost of small ships, \$20,000,000 (U. S.) original cost of west China surplus property. In order to facilitate the prompt loading and shipment of the property and its reconditioning for sale, it was agreed that a fund of \$30,000,000 (U. S.) be created and set aside for the charter of U. S. vessels, the payment of engineer services, and the initial purchase of spare parts, as an additional offset against the U. S.-Chinese national currency debt. This debt was incurred by the U. S. armed forces in China in connection with the American war effort against Japan. In addition to the offsetting of this debt, the United States receives the equivalent of \$35,000,000 (U. S.) for the acquisition of Embassy and Con-

sulate buildings and sites, and for financing U. S. Government expenditures in Chinese currency. China also agrees to establish a fund equivalent to \$20,000,000 (U. S.) for promoting research, cultural and educational exchange with the United States.

The surplus property acquired is well suited to the needs of China's economic rehabilitation program, and therefore will be of great benefit in combating the forces of inflation through the realization of substantial revenues from the sale of urgently needed civilian items. It does not include aircraft, ammunition, weapons, or non-demilitarized combat material. The United States, in turn, will be able to speed up the demobilization of its remaining troops and the clearance of surplus property from the Pacific. The absorption of this property by the Chinese economy also will create a steady market for American products. The Board of Supplies of the Executive Yuan will be responsible for receiving and handling this property and China expects to employ an established American engineering firm or firms to assist in the over-all operation. China will utilize to the greatest possible extent established commercial distribution channels for the resale of the property in China and will give U. S. distributors, established in China, an equal opportunity to bid for the property. Normal distribution practices, including the marketing, whenever practicable, of name-brand products through the established agencies for such products, will be followed. China is given 22 months in which to remove the surplus. In addition to the financial assistance for facilitating the prompt loading and shipment of the property, China will be accorded the full cooperation of U. S. forces in the various bases in the accomplishment of this task. China intends to begin importing the surplus to China at any early date and is planning to move a considerable part before the end of 1946.

The most significant features of the large bulk sale of the U. S. surplus property in the western Pacific to China are:

(1) The incalculable benefits to China of the huge volume of civilian-type items which can be immediately distributed among its 400,000,000 people to start the wheels of commerce turning among its multitude of small businesses where an acute shortage of materials exists. China needs

thousands of miles of new roads, and the road-building equipment it will acquire in this surplus transaction will make work for great numbers of its people and the new roads will provide means of transportation which are so desperately needed. In a country which is undergoing acute inflation, the impact of 1,500,000 tons of additional items will have a profound effect. The U. S. policy is to assist China in attaining peace and unity and its objectives can only be attained by assisting in the restoration of China's economy. The surpluses which China has just purchased from the United States will go far in this direction, as they are promptly and efficiently distributed in all parts of the country.

(2) The advantages to the United States of this sale to China are obvious, as it will relieve the United States in the near future of the large expenses of care and custody of huge quantities of material scattered among numerous islands of the Pacific, where many thousands of our troops are employed in caring for the property and where the expenses of maintaining these troops are obviously high. Deterioration of the property is evident because of the tropical weather conditions, and unless it is disposed of promptly its value will progressively become less and less. The price which China is paying the United States for the surplus property is quite fair and reasonable and includes the unique features of settlement to date of many heretofore unsettled accounts including a balancing of our debt to China under the so-called "Yuan Account", as well as providing the equivalent of \$55,000,000 (U. S.) in Chinese currency for the acquisition of U. S. Department of State property so acutely needed in China, providing certain funds for the payment of U. S. expenses in China and a special fund for cultural, educational, and scientific benefits to both countries. The total of all of the surplus property which China has purchased prior to this agreement, plus the new acquisitions, amounts to approximately \$800,000,000 (U. S.) at original cost, exclusive of the west China purchases last year. For this the United States will receive an estimated dollar equivalent of \$175,000,000 (U. S.), more than two thirds of which are cancellations of U. S. dollar obligations to China. Therefore, the major portion of this transaction has been made primarily for U. S. dollars and not for credit.

## Business Travel Information On Netherlands East Indies

[Released to the press September 11]

American businessmen have not yet been granted permission to visit the Netherlands East Indies in appreciable numbers, according to a report received from the American Consulate General at Batavia, Java. Those admitted are for the most part representatives of American firms which were established there before the war.

At the present time all foreign trade has been taken over and is operated by the Government through the NIGIEO (Netherlands Indies Government Import and Export Organization). All exports are sent to the Netherlands Purchasing Commission in New York, and conversely imports are shipped by the Commission on orders from NIGIEO. It is expected that the NIGIEO will be dissolved by January 1, 1947, but exchange controls will probably remain for some time.

Batavia is crowded, and accommodations can be obtained for only a limited number at the leading hotel, where rates for one person begin at about \$6 a day, including meals. Meals in restaurants are high, dinner costing from \$3.20 to \$4.80.

It is practically impossible for a businessman to visit points outside Batavia, as connections with other cities are entirely by air and priorities are granted to businessmen only in cases of urgent necessity. Inter-island shipping, it is reported, is still not functioning normally.

## Participation of U.S. Capital In Siamese Mineral Development

[Released to the press September 9]

The Department of State announced on September 9 that the Government of Siam has informed the Government of the United States that it would welcome the participation of American capital in the development of the mineral resources of Siam.

Tin is the only product at present being mined in appreciable quantities. Siam ordinarily ranks fourth in world tin production. Iron, tungsten, antimony, lead, gold, and gems, notably sapphires, are mined in small quantities.

The Siamese Government reserves the right, the Department stated, to grant or reject applications for the prospecting or mining of "coal, petroleum and iron".

The Siamese Mining Act of 1919 stipulates that all lands and minerals in the Kingdom of Siam are crown property, and that the right to prospect or mine must be expressly granted by the Government. The act also states that any person who has acquired the right to occupy land for agricultural or building purposes or for any other purposes must secure Government permission to prospect.

## Chinese Students Awarded U.S. Government Fellowships

[Released to the press September 13]

The Department of State has announced the expected arrival in San Francisco on September 14 of 17 Chinese students, the first to reach the United States from among a group of 25 men and women graduates of Chinese universities awarded travel and maintenance grants by the United States Government for two years of advanced study in this country.

In contrast to the fellowship program of the Chinese Government, designed primarily to train engineers and other technical students abroad, the majority of Department grants have been awarded in the fields of pure science, social science, and the humanities. These fellowships have been made possible by an allotment from the President's remaining wartime emergency funds.

## Trade Agreement With Paraguay

A reciprocal trade agreement between the United States and Paraguay was signed on September 12, 1946 at Asunción by Willard L. Beaulac, American Ambassador, and Miguel Angel Soler, Minister of Foreign Relations of Paraguay.<sup>1</sup>

The agreement will enter into force 30 days after its proclamation by the President of the United States and publication thereof in the *Gaceta Oficial* of the Republic of Paraguay, or, if the proclamation and publication take place on different days, 30 days after the one later in time. It will remain in force for a period of two years

<sup>1</sup> The text of the agreement was released as Department of State press release 631 of Sept. 12.

unless terminated earlier under special circumstances provided for in the agreement itself. If at the end of two years neither Government has given the other notice of its intention to terminate the agreement, it will continue in force thereafter, subject to termination on six months' written notice or under special circumstances provided for in the agreement itself.

The agreement provides for the mutual reduction of tariffs and the elimination or reduction of other trade barriers in order to facilitate the movement of trade between the two countries.

The terms of the agreement are in line with the principles involved in United States trade agreements with 28 other countries, as well as with the basic principles governing post-war commercial policies set forth in the proposals made in December 1945 by the Government of the United States for consideration by the United Nations. Announcement of intention to negotiate a reciprocal trade agreement with Paraguay was made in June 1943; public hearings were held in August of that year. By July 5, 1945, when the Trade Agreements Act was extended and additional authority to reduce rates of duty on imports was granted, the negotiations with Paraguay had reached an advanced stage. They were, therefore, continued without reference to the enlargement of the authority contained in the extended act.

The reciprocal concessions for which the agreement provides cover a substantial proportion of the trade between the United States and Paraguay. They include reductions by each country of its import duties on specified products of importance to the other country, bindings of certain tariff rates against increase, and bindings of the duty-free status of certain commodities. The general provisions of the agreement include mutual assurances of nondiscriminatory tariff, quota, and exchange treatment.

The bulk of Paraguayan exports to the United States is composed of raw materials which are not produced in the United States at all or only in insufficient quantities and which enter the United States either free of duty or at comparatively low rates. Such imports are largely utilized by domestic manufacturing industries and thus help to maintain employment in the United States. The concessions on Paraguayan imports from the United States apply largely to manufactured specialties and to certain agricultural items.

## Return of Panamanian Bases

### JOINT STATEMENT BY GOVERNMENTS OF PANAMA AND UNITED STATES

[Released to the press September 12]

Mindful of the objectives of the 1936 Treaty of Friendship and Cooperation and of the Defense Sites Agreement of May 18, 1942, and conscious of recent improvements in weapons and methods of warfare, the Governments of Panama and of the United States have agreed to consult on the most effective means for assuring the defense of the Panama Canal. Consistent with the aforementioned agreement of 1942, the United States has already returned to Panama 71 defense sites and is preparing to return immediately 27 more.

It is the desire of both Governments to fulfill their joint responsibilities for the adequate protection of the Canal. The two Governments have reiterated their unqualified endorsement of the traditional friendship and sovereign respect existing between them and the vital role which the Panama Canal plays in the defense of this hemisphere.

## Letters of Credence

### *Ambassador of Peru*

The newly appointed Ambassador of Peru, Jorge Prado, presented his credentials to the President on September 10. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 624.

### *Ambassador of Australia*

The newly appointed Ambassador of Australia, Norman J. O. Makin, presented his credentials to the President on September 11. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 625.

### *Ambassador of Bolivia*

The newly appointed Ambassador of Bolivia, Ricardo Martinez Vargas, presented his letters of credence to the President on September 13. For the translation of the text of the Ambassador's remarks on the occasion of the presentation of his credentials and for the text of the President's reply, see Department of State press release 640.

## Action on Multilateral Agreements

The following action on multilateral agreements has been communicated to the Department of State by the various governments and international organizations which are depositaries of those agreements:

### HEALTH AND SANITATION

#### *Dominican Republic*

The Netherlands Embassy has informed the Department that on June 12, 1946 the Dominican Republic adhered to the International Sanitary Convention for Aerial Navigation signed at The Hague on April 12, 1933.<sup>1</sup>

### INDUSTRIAL PROPERTY

#### *New Zealand*

The Swiss Legation has informed the Department that New Zealand has adhered to the International Convention for the Protection of Industrial Property, which was signed at London on June 2, 1934.<sup>2</sup> The adherence became effective on July 14, 1946.

### NARCOTIC DRUGS

#### *Argentina*

The Netherlands Embassy has informed the Department that the Argentine instrument of ratification of the Convention and final protocol for the suppression of the abuse of opium and other drugs, signed at The Hague on January 23, 1912 and July 9, 1913,<sup>3</sup> was deposited with the Netherlands Government on April 23, 1946.

The Secretary General of the League of Nations has informed the Department that the Argentine instrument of ratification of the Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs, signed at Geneva on July 13, 1931,<sup>4</sup> was deposited with the League of Nations on April 18, 1946.

<sup>1</sup> Treaty Series 901.

<sup>2</sup> Treaty Series 941.

<sup>3</sup> Treaty Series 612.

<sup>4</sup> Treaty Series 863.

<sup>5</sup> League of Nations Treaty Series 81: 316.

<sup>6</sup> Treaty Series 981.

<sup>7</sup> 54 Stat. (pt. 2) 2049.

<sup>8</sup> Treaty Series 867.

<sup>9</sup> Treaty Series 948.

The Secretary General also informed the Department that on April 18, 1946 Argentina deposited with the Secretariat of the League of Nations the Argentine instrument of ratification of the International Opium Convention signed at Geneva on February 19, 1925 at the Second Opium Conference.<sup>5</sup>

### NATURE PROTECTION

#### *Argentina*

The Director General of the Pan American Union has informed the Department that on June 27, 1946 Argentina deposited with the Union its instrument of ratification of the Convention on Nature Protection and Wild Life Preservation in the Western Hemisphere, which was opened for signature on October 12, 1940.<sup>6</sup> The instrument of ratification, which is dated May 8, 1946, recites the reservation made by the Argentine representative at the time he signed the convention.

#### *Nicaragua*

The Director General also informed the Department that on May 22, 1946 Nicaragua deposited with the Union its instrument of ratification of the above-named convention.

### POSTAL MATTERS

#### *Lebanon, Syria*

The Swiss Legation has informed the Department that Lebanon adhered on November 27, 1945 and Syria adhered on April 10, 1946 to the Universal Postal Union Convention signed at Buenos Aires on May 23, 1939,<sup>7</sup> and arrangements concerning insured letters and parcels, parcel post, and postal money orders.

### TELECOMMUNICATIONS

#### *Lebanon*

The Spanish Embassy has informed the Department that by a note dated March 11, 1946 Lebanon informed the Spanish Government of its adherence to the International Telecommunications Convention signed at Madrid on December 9, 1932<sup>8</sup> and to the Cairo Regulations of 1938,<sup>9</sup> including the Telegraph Regulations and Final Protocol, Telephone Regulations and Final Protocol, General Radio Regulations and Final Protocol, and

## Additional Radio Regulations and Additional Protocol.

### WHALING

#### *United States*

The United States deposited with the British Foreign Office on August 30, 1946 its instrument of ratification of the Protocol of November 26, 1945<sup>10</sup> amending the International Agreement for the Regulation of Whaling signed on June 8, 1937.<sup>11</sup>

#### *Argentina*

The American Embassy in London has informed the Department that Argentina deposited with the British Foreign Office on June 18, 1946 its instrument of ratification of the 1937 whaling agreement<sup>11</sup> and the 1938 protocol<sup>12</sup> amending it. The

Argentine Government also notified its accession to the 1944 protocol amending the above-named agreement.<sup>13</sup>

### WOUNDED AND SICK

#### *Lebanon*

The Swiss Legation has informed the Department that on June 11, 1946 Lebanon gave notice of its adherence to the Convention for the Amelioration of the Condition of the Wounded and Sick of Armies in the Field, which was signed at Geneva on July 27, 1929.<sup>14</sup>

#### *Syria*

The Swiss Legation also informed the Department that by a note dated June 20, 1946 the Syrian Legation at Paris informed the Swiss Legation there of the Syrian decision to adhere to the above-named Convention.

## Commercial Relations: France-U.S.S.R.

The American Embassy at Paris has transmitted to the Department a copy of the *Journal Officiel* of June 20, 1946 containing the text of Decree no. 46-1505 of June 12, 1946 whereby the French Government promulgated the agreement between France and the U.S.S.R. concerning reciprocal commercial relations and the status of the commercial representation of the U.S.S.R. in France, which was signed at Moscow on December 29, 1945. A translation of the text of the decree, including the commercial agreement with protocol, follows:

The President of the Provisional Government of the French Republic,

Upon the recommendation of the Minister of Foreign Affairs and the Minister of National Economy and Finance,

#### DECREES :

*Art. 1.*—An agreement<sup>15</sup> concerning reciprocal commercial relations and the status of the commercial representation of the Union of Soviet Socialist Republics in France having been signed in Moscow on December 29, 1945, between the French Republic on the one hand, the Union of Soviet Socialist Republics on the other hand, and the ratifications of this act having been exchanged in Paris on May 2, 1946, the said agreement, the tenor

of which follows, shall be executed in its fullness and entirety, and shall come into force on May 2, 1946;

### A G R E E M E N T

Between the Provisional Government of the French Republic and the Government of the Union of Soviet Socialist Republics concerning reciprocal commercial relations and the status of the commercial representation of the Union of Soviet Socialist Republics in France.

The Provisional Government of the French Republic and the Government of the Union of Soviet Socialist Republics, animated with the desire to see commercial relations between the two countries resumed and developed, and referring to the provisions of Article 6 of the Treaty of Alliance and Mutual Assistance of December 10, 1944, have agreed to the following provisions:

*Art. 1.*—France and the Union of Soviet Socialist Republics agree to accord each other most-favored-nation treatment in all matters concerning commerce and navigation between the two countries.

*Art. 2.*—Products of the soil and industry originating in or coming from the territory of the Union of Soviet Socialist Republics shall be subject, on their importation into the territory of the French Republic, to the minimum tariff rates. These products shall not be subject to import duties, taxes or fees higher than the import duties, taxes or fees assessed on merchandise imported from any third State whatsoever.

The Provisional Government of the French Republic agrees to apply the provisions of the preceding paragraph in its colonies and to recommend their adoption to the governments of the countries under French protectorate or mandate.

Products of the soil or industry originating in or coming from the territory of France and its colonies shall not

<sup>10</sup> Senate Executive I, 79th Cong., 2d sess.

<sup>11</sup> Treaty Series 933.

<sup>12</sup> Treaty Series 944.

<sup>13</sup> Not printed.

<sup>14</sup> Treaty Series 847.

<sup>15</sup> The word is *arrangement* in the French text. It is frequently translated *agreement*, as above.

be subject, on their importation into the territory of the Union of Soviet Socialist Republics, to import duties, taxes or fees higher than the import duties, taxes or fees assessed on merchandise imported from any third State whatsoever.

The same regulations shall be applied to products originating in or coming from French Protectorates and Mandates in so far as these countries have themselves agreed to grant to the Union of Soviet Socialist Republics the privileges enumerated in the first paragraph of the present article.

*Art. 3.*—Merchant vessels of each of the Contracting Parties shall be subject, in the seaports of the other Contracting Party, to the same conditions in every respect as merchant vessels of the most favored nation.

The Contracting Parties will grant each other most-favored-nation treatment with respect to the entry, departure and sojourn of their vessels and cargoes in their ports. This treatment shall likewise apply to any duties and taxes whatsoever and to berthing conditions.

The nationality of the ships shall be reciprocally recognized according to the laws and decrees of each of the Contracting Parties on the basis of the documents and certificates forming part of the ship's papers and issued by the competent authorities of each of the Contracting Parties.

Certificates of tonnage, as well as other technical ship's papers of the same nature, issued or recognized by one of the Contracting Parties, shall likewise be recognized by the other party.

The Provisional Government of the French Republic agrees to apply the provisions of the present article in its colonies and to recommend their adoption to the governments of the countries under French protectorate or mandate.

*Art. 4.*—Without prejudice to further stipulations, French merchants and manufacturers, natural or fictitious persons constituted in conformity with French law, shall be favorably treated, in their persons and in their property, as the nationals and fictitious persons of the most favored nation with respect to the exercise, directly or through such intermediaries as they have selected, of their economic activity on the territory of the Union of Soviet Socialist Republics, under circumstances where such activity is authorized by the laws of the Union of Soviet Socialist Republics.

State economic organizations of the Union of Soviet Socialist Republics and Soviet fictitious persons endowed by Soviet law with civil personality, as well as natural persons, [who are] nationals of the Union of Soviet Socialist Republics, shall be as favorably treated, in their person and in their property, as the nationals and fictitious persons of the most favored nation with respect to the exercise of their economic activity in the territory of France under circumstances where such activity is authorized by French law.

The nationals and fictitious persons of each Contracting Party may bring [legal] actions and shall enjoy free and easy access to the courts of the other Contracting Party.

*Art. 5.*—Inasmuch as, according to the laws of the Union of Soviet Socialist Republics, foreign trade is the monopoly of the State, the Provisional Government of

the French Republic recognizes the right of the Government of the Union of Soviet Socialist Republics to have a commercial representation in France for the purpose of assuring in France the exercise of this monopoly.

The commercial representation of the Union of Soviet Socialist Republics in France shall have as its functions:

*a)* To contribute to the development of commercial relations between France and the Union of Soviet Socialist Republics;

*b)* To represent the interests of the Union of Soviet Socialist Republics in all matters concerning foreign trade;

*c)* To regulate in the name of the Union of Soviet Socialist Republics all matters concerning commercial transactions between the Union of Soviet Socialist Republics and France;

*d)* To carry on trade between France and the Union of Soviet Socialist Republics.

*Art. 6.*—The commercial representation of the Union of Soviet Socialist Republics shall form an integral part of the Embassy of the Union of Soviet Socialist Republics in France and shall have its seat at Paris.

The chief of the commercial representation of the Union of Soviet Socialist Republics in France and his two assistant chiefs shall enjoy all the rights and privileges accorded to members of diplomatic missions.

The buildings occupied by the commercial representation of the Union of Soviet Socialist Republics in Paris shall enjoy the right of extraterritoriality.

The commercial representation of the Union of Soviet Socialist Republics in Paris shall have the right to use a cipher code.

*Art. 7.*—The commercial representation of the Union of Soviet Socialist Republics in France may establish an agency in the city of Marseille.

Agencies of the commercial representation of the Union of Soviet Socialist Republics may be opened in other French cities by mutual agreement between the commercial representation and the competent French authorities.

The status of such agencies shall be determined by mutual agreement between the two Contracting Parties.

*Art. 8.*—The commercial representation of the Union of Soviet Socialist Republics in France shall perform its functions in the name of the Government of the Union of Soviet Socialist Republics. The Government of the Union of Soviet Socialist Republics assumes responsibility only for commercial transactions concluded or guaranteed in France in the name of the commercial representation and signed by persons authorized for that purpose.

Commercial transactions concluded without the guaranty of the commercial representation of the Union of Soviet Socialist Republics in France by any State economic organization of the Union of Soviet Socialist Republics possessing a distinct fictitious personality according to the law of the Union of Soviet Socialist Republics shall involve only the said organization and execution may be carried out only on its property. The responsibility shall rest neither with the Government of the Union of Soviet Socialist Republics nor with the commercial representation of the Union of Soviet Socialist Republics in France nor with any other economic organization of the Union of Soviet Socialist Republics.

*Art. 9.*—The commercial representation of the Union of Soviet Socialist Republics in France may give its guaranty to the contracts concluded between one of the organizations mentioned in paragraph 2 of Article 8 and a French natural or fictitious person.

*Art. 10.*—The commercial representation of the Union of Soviet Socialist Republics in France shall enjoy the privileges and immunities deriving from Article 6 above, with the following exceptions:

Disputes relating to commercial transactions concluded or guaranteed on the territory of France by the commercial representation of the Union of Soviet Socialist Republics in conformity with the first paragraph of Article 8 of the present agreement shall, with reservation of an arbitration clause or a clause conferring another jurisdiction, fall within the competence of the French courts and shall be decided according to French law, unless otherwise provided by the clauses of each individual contract or the French laws.

However no distressing measures may be taken in connection with actions brought against the commercial representation.

The execution of all legal decisions relating to transactions to which the commercial representation of the Union of Soviet Socialist Republics in France has been a party may be carried out on all State property of the Union of Soviet Socialist Republics in France, notably on the property, rights and interests deriving from transactions made by the commercial representation of the Union of Soviet Socialist Republics in France or with its guaranty, with the exception of the property belonging to the organizations mentioned in Article 8, second paragraph.

The property and buildings exclusively set aside for the exercise in France, according to international practice, of the political and diplomatic rights of the Government of the Union of Soviet Socialist Republics, as well as the buildings occupied by the commercial representation of the Union of Soviet Socialist Republics in France and the movable properties located therein, shall be exempt from any measure of execution.

*Art. 11.*—All disputes relating to commercial transactions concluded between Soviet economic organizations and French natural or fictitious persons shall, with the reserve of an arbitration clause, be under the jurisdiction of the French courts if the transaction was concluded in France, and under the jurisdiction of the Soviet courts if it was concluded in the Union of Soviet Socialist Republics. However, the courts of the other country may, in either case, take cognizance of such disputes when jurisdiction has been expressly given to them by a specially accepted clause of the contract.

*Art. 12.*—The commercial representation of the Union of Soviet Socialist Republics in France shall not be subject to regulations concerning commercial registration. It shall have the names of the persons authorized by it to execute legal acts published in an official publication of the French Republic, as well as all information relating to the competence of each of such persons and to their power to bind the commercial representation in commercial matters by their signatures.

*Art. 13.*—The present agreement is concluded for a period of five years. It shall be ratified as soon as possi-

ble and shall come into force on the day of the exchange of the instruments of ratification, which shall take place in Paris.

It may be denounced at the latest by the 30th of September of each year, to take effect on the 31st of December following.

Done at Moscow on December 29, 1945, in two copies, each in the French and Russian languages, both texts being equally authentic.

In the name of the Government of the Union of Soviet Socialist Republics:

A. MIKOIAN

In the name of the Provisional Government of the French Republic:

CATROUX

PROTOCOL

On the occasion of the signature, today, of the agreement between the Provisional Government of the French Republic and the Government of the Union of Soviet Socialist Republics concerning reciprocal commercial relations and the status of the commercial representation of the Union of Soviet Socialist Republics in France the undersigned representatives of the two contracting parties, vested with full powers, have agreed to the following:

1.—The two parties agree to bear in mind that the commercial attaché of the Embassy of France in Moscow, as he belongs to the personnel of that Embassy, enjoys, in such capacity, with respect to himself, his domicile and his offices, the customary diplomatic privileges and immunities.

2.—The two parties shall determine by mutual agreement the number of officers and employees of the commercial representation of the Union of Soviet Socialist Republics in France, not specified in Article 6, who, not to exceed 130 in number, shall be exempt from taxes on the income which they earn from their work in the service of the Government of the Union of Soviet Socialist Republics; the present provision, however, shall apply only to the nationals of the Union of Soviet Socialist Republics.

In the name of the Government of the Union of Soviet Socialist Republics:

A. MIKOIAN

In the name of the Provisional Government of the French Republic:

CATROUX

*Art. 2.*—The Minister of Foreign Affairs and the Minister of National Economy and Finance shall be charged, each in his own sphere, with execution of the present decree, which shall be published in the *Journal Officiel* of the French Republic.

Done at Paris, June 12, 1946.

FELIX GOUIN.

By the President of the Provisional Government of the Republic:

GEORGES BIDAULT,

The Minister of National Economy and Finance,

A. PHILIP.

## U.S.-Brazil Air-Transport Agreement

On September 13 the Department of State and the Civil Aeronautics Board released the text of the bilateral air-transport agreement between the United States and Brazil which was concluded in Rio de Janeiro on September 6 and which was signed on behalf of the United States by Ambassador William D. Pawley and James M. Landis, Chairman of the Civil Aeronautics Board.<sup>1</sup> The new agreement, which becomes effective 30 days from date of signature, authorizes various United States routes traversing Brazil, with commercial stops at Rio, São Paulo, Manáos, Goiânia, Belém, Natal, Porto Alegre, Barreiros, Guaiara, and Campo Grande. Brazilian airlines are accorded reciprocal operating privileges in United States territory, with commercial stops in New York, Washington, Miami, New Orleans, Chicago, and Puerto Rico.

The body of the agreement is based substantially on the so-called "standard form" drawn up at the Chicago aviation conference. The annex includes certain provisions and principles which also appeared in the Bermuda agreement between the United States and the United Kingdom dealing with traffic, rates, settlement of disputes, and other related matters.<sup>2</sup> The agreement imposes no arbitrary limitations or restrictions on capacity, frequency of schedules, or Fifth Freedom traffic.

Also included is a protocol of signature which sets forth certain guiding principles under which the air services of both countries are to be operated under the agreement.

## Corrigendum

### *Division of Map Intelligence and Cartography*

References to the Division of Map Intelligence, printed in the BULLETIN of September 8, pp. 466 ff., should read "Division of Map Intelligence and Cartography".

<sup>1</sup> The text of the agreement was issued as Department of State press release 636 of Sept. 12, 1946.

<sup>2</sup> BULLETIN of Apr. 7, 1946, p. 584.

## Visit of Chinese Biologist

Dr. Ch'eng-chao Liu, professor of biology, West China Union University, arrived in the United States on August 25, 1946 for a year's visit under the Department's cultural-cooperation program. While in this country, Dr. Liu will visit universities, museums, and scientific institutions.

## *The Department*

### Resignation of Thomas B. McCabe Statement by Acting Secretary Clayton

[Released to the press September 13]

It is with very sincere personal regret that I announce that Thomas B. McCabe plans to tender his resignation within a few days as Special Assistant to the Secretary of State and as Foreign Liquidation Commissioner. Mr. McCabe has been in charge of the disposal of overseas surpluses for some 17 months, during which time under his administration there has been disposed of from our global stockpiles of war surpluses property that cost nearly 6 billion dollars. We have realized for that property over one and a quarter billion dollars.

This job will complete Mr. McCabe's fourth position in Government service since May 1940, during which time he has put in nearly three years' service for the Government. He now plans to return to his pre-war job as president of the Scott Paper Co., Chester, Pa., and as chairman of the board of the Federal Reserve Bank of Philadelphia.

Gen. Donald H. Connolly will replace Mr. McCabe as Foreign Liquidation Commissioner. General Connolly was formerly the Commanding General of the Persian Gulf Command. He has been Mr. McCabe's deputy for some time and has been associated with surplus disposal abroad since February 1945.

With the recent announcements of the bulk sales of surplus property to China, to Italy, and to the Philippines, we estimated that about 75 percent of the Army and Navy surplus property abroad has been sold. The total of foreign surpluses comes to about 7.5 billion dollars cost value, and of this amount about 5.7 billion has been disposed

of, that is, has been sold or transferred under congressional acts.

The realization to the United States from the property sold is considerably in excess of one billion dollars, exclusive of transfers to UNRRA amounting to about 100 million dollars, and to the Philippines—under the Tydings Act—of 100 million dollars. Over 350 million dollars' worth of these sales has been for cash dollars and the remainder for credit, real estate, cancellation of debts and claims, implementation of the Fulbright bill, and other tangible considerations.

I may add that, in addition to his responsibilities as Foreign Liquidation Commissioner, Mr. McCabe also had charge of the termination of the lend-lease program in a settlement with recipient governments for inventories and related matters connected with lend-lease. Most of these settlements have either been completed or are under negotiation at the present time.

I cannot speak in too great praise of the fine job that Mr. McCabe has done and of our feeling of gratitude to him for taking this time from his own business at considerable sacrifice to do this job.

## Departmental Regulations

### OFFICE OF INTERNATIONAL INFORMATION AND CULTURAL AFFAIRS

#### 132.16 Area Divisions<sup>1</sup>

D *Area Division IV (American Republics) (ADA).* ADA shall be responsible for the programs of OIC in countries under the jurisdiction of the Office of American Republic Affairs (ARA).

E *Functions.* The major functions of Area Divisions I, II, III, and IV shall be as follows:

1 To plan the informational and cultural programs in their respective areas. While programs will be developed in the closest cooperation with the Chiefs of the media Divisions, the decision as to content of programs shall rest with the appropriate Area Division Chief, in accordance with the program and policy directives of the Program Planning and Evaluation Board (PEB).

2 To coordinate the various programs of OIC abroad at the operating stage and establish controls over projects in operation, requests from the field for action, and proposals originating elsewhere in OIC or the Department.

3 To maintain liaison with the appropriate geographic Offices of the Department and their component Divisions to insure that the informational and cultural

programs will harmonize with the over-all policies and objectives of the Department and that they are so planned as to aid the effective implementation of these policies.

4 In close cooperation with the Office of the Foreign Service (OFS), and other Offices and Divisions of the Department, to recruit, train, and supervise the field employees engaged in the informational and cultural program.

5 To prepare analytical studies of field reports concerned with program content and effectiveness to further the planning of more effective programs.

II AREA DIVISION V (OCCUPIED AREAS) (ADO). ADO shall be initially responsible within the Department for all matters pertaining to informational and cultural affairs in the occupied areas (Germany, Austria, Japan, and Korea).

A *Functions.* The major functions of this Division shall be as follows:

1 To formulate and draft initially all policy statements of the Department in the fields of informational, educational, religious, cultural, and scientific affairs.

2 To formulate initially programs of the Department for assisting in implementing the policies in the fields of informational, educational, religious, cultural, and scientific affairs.

3 To review from the standpoint of policy, the program materials to be furnished to the occupied areas for executing the policies of the United States Government in the fields of informational, educational, religious, cultural, and scientific affairs.

4 To evaluate and review developments in the occupied areas affecting programs and policies in the fields of informational, educational, religious, cultural, and scientific affairs.

5 To maintain liaison with the appropriate geographic and economic Offices or Divisions and all other interested Divisions in the Department to insure that the informational and cultural programs will harmonize with the over-all policies and objectives of the United States Government, and that the programs are so planned as to aid the effective implementation of these policies.

6 To provide representation within the Department on the Germany-Austria Secretariat and the Japan-Korea Secretariat.

7 To plan the radio short-wave program in closest cooperation with the Chief of the International Broadcasting Division (IBD), but the decision as to content of programs shall rest with the Chief of ADO in accordance with general policy directives.

8 All the foregoing responsibilities of ADO shall be subject to Departmental Regulation 134.1, defining the duties and responsibilities of the Assistant Secretary of State for Occupied Areas.

<sup>1</sup> Additions to Departmental Regulation 132.16 effective Aug. 1, 1946. See BULLETIN of Jan. 6-13, 1946, p. 45.

## Division of Middle Eastern and Indian Affairs

The name of the Division of Middle Eastern Affairs, Office of Near Eastern and African Affairs, was changed to Division of Middle Eastern and Indian Affairs, effective August 16, 1946.

### *The Congress*

**Financial Aid to the Republic of the Philippines:** Hearings Before the Committee on Banking and Currency, House of Representatives, Seventy-ninth Congress, second session, on H.J. Res. 383 superseded by H.J. Res. 388, a joint resolution to authorize the Secretary of the Treasury to render financial aid to the Republic of the Philippines, and for other purposes. July 24, 1946. ii, 34 pp. [Department of State, pp. 6-10, 23-34.]

**Problems of American Small Business:** Hearings Before the Special Committee To Study and Survey Problems of Small Business Enterprises, United States Senate, Seventy-ninth Congress, second session, pursuant to S. Res. 28 (79th Congress) (Extending S. Res. 298—76th Congress), a resolution to appoint a special committee to study and survey problems of American small business enterprises. Part 92, World Food Supplies in Relation to Small Business: I, June 3, 4, and 5, 1946. v, 135 pp. [Department of State, pp. 10426-46.]

**To Provide for the Rehabilitation of the Philippine Islands:** Appendix to Hearings Before the Committee on Insular Affairs, House of Representatives, Seventy-ninth Congress, second session, on S. 1610, a bill to provide for the rehabilitation of the Philippine Islands, and for other purposes. Part 2: February 26, 27, and 28, March 1 and 2, and April 2, 3, 4, and 5, 1946. Exhibits Pertaining to Testimony Appearing in Part 1 (Pages 1 to 210) of Committee Hearings. iii, 158 pp.

**Convention on International Civil Aviation:** Hearings Before the Committee on Foreign Relations, United States Senate, Seventy-ninth Congress, second session, on Executive A, a Convention on International Civil Aviation, Chicago, Ill., December 7, 1944. Part 2: May 29 and June 14, 1946. iii, 51 pp. [Department of State, pp. 315-329, 358-361.]

**An Act To place Chinese wives of American citizens on a nonquota basis.** Approved August 9, 1946. [H.R. 4844.] Public Law 713, 79th Cong. 1 p.

**Investigation of the Pearl Harbor Attack:** Report of the Joint Committee on the Investigation of the Pearl Harbor Attack, Congress of the United States, pursuant to

S. Con. Res. 27, 79th Congress, a concurrent resolution to investigate the attack on Pearl Harbor on December 7, 1941, and events and circumstances relating thereto and additional views of Mr. Keefe together with minority views of Mr. Ferguson and Mr. Brewster. S. Doc. 244, 79th Cong. xviii, 580 pp. [Indexed.]

**An Act To provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship through voting in a political election in a country not at war with the United States during the Second World War.** Approved August 7, 1946. [H.R. 434.] Public Law 614, 79th Cong. 1 p.

**An Act For the relief of certain Basque aliens.** Approved August 7, 1946. [H.R. 1402.] Private Law 818, 79th Cong. 1 p.

**An Act To discontinue certain reports now required by law.** Approved August 7, 1946. [H.R. 2504.] Public Law 615, 79th Cong. 7 pp. [Department of State, p. 4.]

**Joint Resolution Making additional appropriations for the fiscal year 1947, and for other purposes.** Approved August 8, 1946. [H.R. Res. 390.] Public Law 663, 79th Cong. 10 pp. [Department of State, p. 7.]

**An Act To improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration.** Approved August 13, 1946. [H.R. 6967.] Public Law 724, 79th Cong. 47 pp.

**Compulsory Jurisdiction, International Court of Justice:** Hearings Before a Subcommittee of the Committee on Foreign Relations, United States Senate, Seventy-ninth Congress, second session, on S. Res. 196, a resolution proposing acceptance of compulsory jurisdiction of International Court of Justice by United States Government, July 11, 12, and 15, 1946. iii, 160 pp.

**To Provide for the Rehabilitation of the Philippine Islands:** Hearings Before the Committee on Insular Affairs, House of Representatives, Seventy-ninth Congress, second session, on S. 1610, a bill to provide for the rehabilitation of the Philippine Islands and for other purposes. Part 1, February 26, 27, and 28, and March 1 and 2, and April 2, 3, 4, and 5, 1946. (Appendix referred to in Hearings will appear as Part 2.) ii, 210 pp.

**Third Deficiency Appropriation Bill for 1946:** Hearings Before the Subcommittee of the Committee on Appropriations, United States Senate, Seventy-ninth Congress, second session, on H.R. 6885, an act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946; and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year ending June 30, 1947, and for other purposes. ii, 306 pp. [Indexed.]

**Atomic Energy:** Hearings Before the Committee on Military Affairs, House of Representatives, Seventy-ninth Congress, second session, on S. 1717, an act for the development and control of atomic energy, June 11, 12, and 26, 1946. iii, 68 pp.

## Training Announcements

### ORIENTATION CONFERENCES, OCTOBER 7-11, 1946

#### *Foreign Service Orientation Conferences, 9 a.m.*

OCTOBER 7

*The United States of America—A Current Survey*

John B. Whitelaw, Assistant Chief, Division of Training Services (FSS)

OCTOBER 10

*The Organization and Functioning of the Department of State*

Frank S. Hopkins, Assistant Chief, Division of Training Services (FSS)

These conferences are open to all personnel of the Department and the Foreign Service, room 474, main State Department building.

Personnel of other departments in Washington may attend by calling the registrar in advance on extension 3179.

Further information concerning orientation conferences may be secured from Leroy H. Mayes, Special Assistant for Orientation Conferences, extension 3056.

Individual instruction in over 25 languages is now available at the Lothrop House under the auspices of the Language Branch of the Division of Training Services. For the present the instruction, which is provided for Foreign Service personnel and departmental employees, is limited to self-study by means of phonograph records with supervision and advice from the staff. Dr. C. A. Ferguson and Miss Madeline Pignatelli have been added to the staff as language instructor and research assistant, respectively, and institution of regular group instruction in several languages is planned for the near future.

#### *Departmental Orientation Conferences, 10 a.m.*

OCTOBER 7

*Political Problems of the Near East and Africa*

Edwin Wright, Special Assistant to the Director, Office of Near Eastern and African Affairs (NEA)

OCTOBER 9

*Political Problems of the Far East*

James K. Penfield, Deputy Director, Office of Far Eastern Affairs (FE)

OCTOBER 10

*Political Problems of the American Republics*

Ellis O. Briggs, Director, Office of American Republic Affairs (FE)

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